



# FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY MAY 21 1993

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## Matsushita and Sony report big cuts in profits

Matsushita and Sony, two of the world's leading consumer electronics companies, reported sharp declines in pre-tax profits for the year ended March as demand continued to be severely depressed. They expect little improvement this year. Matsushita reported a 54 per cent fall to ¥168.4bn (\$1.52bn) and Sony saw a 57 per cent drop to ¥92.6bn. Page 19

## Sterling rises on hopes of UK recovery

A fall in UK unemployment and deceleration in wage inflation revived hopes that the economy was recovering. The news prompted a strong rise in sterling, which closed in London at a 2.45 on the day at DM2.51, a four-month high. The number of people out of work and claiming benefit shrank by 1,400 last month to 2,939,600 or 10.5 per cent of the workforce. Page 7; Editorial Comment, Page 17; Yes may mean nein for D-Mark, Page 18; Currencies, Page 46

**Belfast bomb blast:** A 1,000lb IRA truck bomb exploded in central Belfast injuring at least 20 people and badly damaging the Grand Opera House, which had recently been repaired after a previous blast. Page 8

**Westpac losses:** Troubled Australian banking group Westpac Banking Corporation reported a half-year loss of A\$204.6m (US\$146m) because of debt write-offs of almost A\$500m. Page 22

**Nadir's arranged escape:** Briton Peter Dimond, the man who helped fugitive Asil Nadir jump his £3m bail, rejected claims from British police that a "Mr Big" had masterminded the Turkish Cypriot businessman's escape from England. Page 8

**No air crash survivors:** Colombian rescue helicopters found the wreckage of a Colombia Boeing 727-100 which crashed into a jungle-covered mountain killing 132 people aboard.

**British Gas results weaker:** First quarter profits at British Gas slipped by 28m to \$660m (\$1bn) because of increased competition and regulatory pressure. The company said it might have to shed 15,000 jobs - 20 per cent of its workforce - over the next two years. Page 18; Tax, Page 18

**BT share sales:** The marketing campaign for the UK government's remaining shares in British Telecommunications will be launched on Monday. The Treasury is expected to sell the 21.9 per cent holding, valued at more than £5bn (\$7.7bn), in mid-July. Page 19

**Navistar improves:** US truck and engine maker Navistar International reported net profits of \$5m in the second quarter, against a net loss of \$35m in the same quarter of 1992, because of a surge in medium and heavy truck sales. Page 19

**Ukraine crisis:** Ukraine president Leonid Kravchuk sought to be appointed head of government, a position held by prime minister Leonid Kuchma, who had earlier launched a campaign for an extended remit. Parliament is expected to decide the issue today. Page 3

**French magazine to close:** Marie-France, French monthly fashion magazine owned by Bauer of Germany, is to close in July because of falling advertising revenue. Sales of more than 500,000 in the 1970s slipped last year to below 250,000.

**China's HK olive branch:** Sino-British talks on the future of Hong Kong resume in Beijing today with China offering hope of thawing relations with the UK. Page 6; Observer, Page 17

**Spanish banks threat:** Spain's ruling regional parties, the Basque PNV and the Catalan CiU, have threatened to set up public banks - a move which could greatly increase the regions' financial autonomy. Page 2

**EC policy hurts Africans:** EC subsidies for beef exports to West Africa are destroying the livelihoods of 4m people who rely on cattle-rearing in the semi-arid Sahel region south of the Sahara, according to the British charity Christian Aid. Page 4

**Russia's tough debt terms:** Russia is demanding repayment on harsh terms of the billions of rubles it is owed by the other former Soviet republics, who are ostensibly committed to establishing a closer economic union. Page 3

| STOCK MARKET INDICES      |           |             |  |
|---------------------------|-----------|-------------|--|
| FT-SE 100                 | 2516.8    | (-2.9)      |  |
| Yield                     | 4.05      |             |  |
| FT-SE Euroshare 100       | 1198.03   | (+0.08)     |  |
| FT-A All-Share            | 1333.84   | (+0.04)     |  |
| Nikkei                    | 20,530.39 | (-50.40)    |  |
| New York Stock Exchange   |           |             |  |
| Dow Jones Ind Ave         | 3488.18   | (-0.84)     |  |
| S&P Composite             | 448.24    | (+0.57)     |  |
| US LUNCHTIME RATES        |           |             |  |
| Federal Funds             | 2.5%      |             |  |
| 3-mo Treasury Bill        | 3.875%    |             |  |
| Long Bond                 | 10.1%     |             |  |
| Yield                     | 8.997%    |             |  |
| LONDON MONEY              |           |             |  |
| 3-mo interbank            | 5.1%      | (same)      |  |
| Life long bill rate       | 10.4%     | (Jan 104.1) |  |
| NORTH SEA OIL (Argentine) |           |             |  |
| Brent 15-day (July)       | \$18.45   | (+0.31)     |  |
| Oil Gold                  |           |             |  |
| New York Comex (June)     | \$374.7   | (+74.2)     |  |
| London                    | \$373.25  | (+7.19)     |  |

| STERLING         |       |          |  |
|------------------|-------|----------|--|
| New York London: | 1.587 |          |  |
| London:          |       |          |  |
| DM               | 2.51  | (1.5413) |  |
| FF               | 8.465 | (2.5028) |  |
| DM               | 2.51  | (1.5413) |  |
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| DM               | 2.51  | (1.5413) |  |
| FF               | 8.465 | (2.5028) |  |

## Brussels plan to boost jobs

By David Gardner in Brussels

Growth alone not enough to beat crisis, say officials

THE European Commission is close to concluding radical plans to tackle Europe's growing unemployment crisis, including the possibility of member states adjusting tax and social security policies to create jobs. The plan, expected to be agreed by the Commission next Wednesday, is likely to be the centrepiece of the European Community's increasingly urgent efforts to demonstrate their search for solutions to unemployment. The central idea is to find ways of stimulating a more labour-intensive pattern of economic growth. According to senior officials, the plan, which is still being refined, will draw on experience in the US and Japan where much higher percentages of the workforce are employed.

Officials in Brussels say that a recovery in growth will not be enough to deal with EC unemployment now at 17.4m, or 10.3 per cent, more than half of which is structural rather than cyclical, or to combat underemployment. "If we don't come up with something on this we'll be in serious trouble," one said, though he cautioned that "we are not claiming to do more than we can deliver". He emphasised that measures at national level would be decisive. Following its expected approval next Wednesday, the plan will then be discussed by labour and social affairs ministers on June 1 in Luxembourg, with the intention of sending recommendations to the Copenhagen summit of EC heads of government on June 21-22.

Officials stress that the intention is to develop the strategy over the next 18 months, in collaboration with national governments, which would need to decide for themselves what measures to take. It is intended that all EC councils whose work affects jobs, ranging from finance to environment ministers, contribute to the strategy. The focus of the strategy is likely to be on: ● Tax and social security changes "We must see what can be done to shift charges away from employment costs," one senior official said, pointing out that in many EC countries a heavy tax and social security burden for employers inhibits job creation.

● Changes in working time designed to promote more sharing out of employment opportunities. Officials argue that in the US, where about 75 per cent of the potential workforce is employed against nearer to 60 per cent in the EC, household incomes have risen through work-sharing, even though income per head has remained roughly static. ● A review of national welfare and unemployment benefit systems to eliminate disincentives to work. In this sensitive area, officials say stress is likely to be on increasing and co-ordinating spending on "active" manpower measures, such as training, retraining and job counselling. At present, only 0.8 per cent of EC gross domestic product, out of a total unemployment benefits bill of nearly 2.3 per cent of GDP, is spent on active measures.

Already member states are saying they want to be closely involved in different parts of the strategy. Officials say that Germany, for instance, wants to look at the restructuring of working time. Greece is keen on local economic development ideas. At EC ministerial level, environment ministers meeting informally last week in Denmark began looking at Commission suggestions on how to obtain jobs from the upgrading of environmental standards. The Commission argues that the tasks of fighting environmental degradation and creating jobs should be linked.

## Democrat rebellion could kill energy tax

By George Graham in Washington

DEMOCRATIC senators launched a rebellion yesterday which threatened to kill President Bill Clinton's proposed energy tax, a cornerstone of his economic proposals aimed at raising about \$70bn over five years. The revolt came only a day after Mr Clinton headed off dissent over his economic plan in the House of Representatives.

Senators David Boren and Bennett Johnston teamed up with moderate Republican allies led by Senator John Danforth to launch a rival economic plan. This would raise taxes by less than Mr Clinton's proposals, and instead cut spending on health and pension benefits for the elderly.

Although the senators presented their plan as a fiscally prudent alternative to the Clinton proposals, their main target is the energy tax, levied on fuels according to their energy content, which is opposed by oil and gas producers in their home states.

Their opposition to the president's economic bill creates a severe obstacle to its passage. An Oklahoman, Mr Boren sits, along with Senator Johnston's fellow Louisiana Senator John Breaux, on the Senate finance committee. Their defection would make it extremely difficult to move the economic bill forward.

Mr Johnston yesterday declared the energy tax dead. "It will not succeed because it will not get the votes," he said.

However, Mr George Mitchell, the Senate majority leader, insisted that the energy tax "will be approved by the Senate finance committee and by the full Senate, largely intact."

Mr Clinton argued yesterday that alternatives to the energy tax such as a petrol tax fell unevenly on different US regions, while benefit cuts for the elderly would shift the burden of reducing the budget deficit disproportionately on those who could least afford it.

Mr Clinton has been able to head off dissent in the House by standing firm and appealing for party loyalty. Many Democrats in the Senate, however, are immune to such appeals.

Continued on Page 18

## Benvenuto quits Socialists after reforms row

By Robert Graham in Rome

ITALY'S 100-year-old Socialist party was in danger of disintegration last night after Mr Giorgio Benvenuto announced his resignation as leader after only 57 days.

His resignation, so close to municipal elections next month, is expected to accelerate the formation of new political alliances as the traditional parties struggle to find fresh identities untainted by the corruption scandals.

Mr Benvenuto made it clear he was quitting because the old guard in the party, faithful to Mr Bettino Craxi, the former leader, had undermined every attempt to introduce reforms. But the state of the party's finances, with accumulated debts close to L300bn (\$185m), played a part.

On May 4, he had threatened to resign if his plans for renovating the party were not adopted. Yesterday he commented bitterly: "Today the chances of me remaining as leader have vanished. I have realised that every residual effort to save the party is immediately blocked by counter-proposals from a sizeable section of those who until recently were in the leadership."

Mr Benvenuto's decision is also linked to a special report prepared by a consulting firm on the state of the party's finances. This report revealed documented debts attributable directly to the party of L214bn. The figure is close to L300bn if the debts and accumulated losses of the party's daily newspaper, *Avvenire* (circulation 18,000) are included.

Previously Mr Benvenuto had suspected debts were about L160bn, but even that was double what he had been led to believe

three months ago. Bank debts and interest charges are likely to force the party to make some quick sales of its large property portfolio. Mr Benvenuto has never received any pay for his job and the 240 staff in the Rome headquarters have not been paid for three months.

The parlous state of the party's finances, Mr Benvenuto claims, reflected very lax management. The Socialist party has been revealed by the corruption scandal as the party with the biggest appetite for money yet its debts are nearly triple those of any other political grouping.

At least six members of the Socialist executive decided to resign along with Mr Benvenuto, including Mr Gino Ginigini, the party chairman. Mr Benvenuto is the former leader of the UIL, the Socialist-controlled trade union confederation. He was brought in as a compromise candidate in February to replace Mr Craxi, disgraced in the corruption scandals.

Despite being forced to step down, Mr Craxi still sought to control the party through his allies on the executive like Mr Gianni De Michelis, the former foreign minister. Mr Craxi himself retained offices in the party headquarters in Rome.

Mr Benvenuto lacked both the power base and the personality to mount a convincing counter-offensive. He was left to look impotent when the majority of the 90 Socialist deputies in parliament last month voted against his advice for Mr Craxi to retain his parliamentary immunity. The parliamentary party also ignored all his pleas for all members under investigation for corruption to relinquish their posts.



MOSCOW'S POSITIVE LINE: Mr Andrei Kozirev, Russia's foreign minister, at a news conference in Washington yesterday, said he saw "positive results" from the latest talks to end the civil war in Bosnia. He offered no details to support his optimism after the first of two planned meetings with the US secretary of state, Warren Christopher. A State Department official said that Mr Kozirev had raised "some points worth pursuing". Report, Page 18

## Steffen joins Citicorp after 11 weeks at Eastman Kodak

By Nikk Taft in New York

MR CHRISTOPHER STEFFEN, the former chief financial officer at Eastman Kodak who quit after only 11 weeks because of differences with the chairman of the film products company, is joining Citicorp, the biggest US bank.

The bank said yesterday that Mr Steffen would become a member of its management committee and "concentrate on internal operations, productivity programmes, control and audit". Mr John Reed, Citicorp's chairman, said he expected to reconfirm that Mr Steffen be made a Citicorp director and a senior executive vice-president at the bank.

The move seems likely to be interpreted as an attempt by Citicorp to introduce solid industrial management experience and a

fresh approach to operational controls.

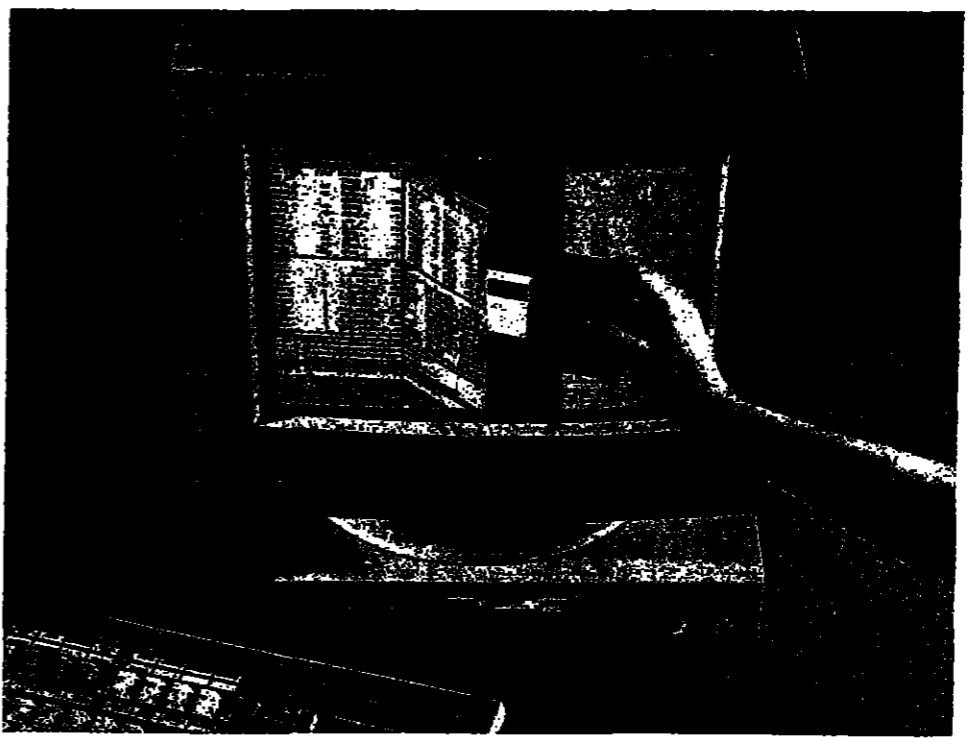
"Chris brings... a breadth of international and modern industrial experience that will contribute significantly to our continued focus on... operational performance," Mr Reed said.

Citicorp has been heavily criticised in recent years for a lack of management quality and cost controls. There has already been a series of shake-ups in senior management.

Mr Steffen, who is in his early 50s and comes from Detroit, hit the headlines when Kodak announced his resignation in late April - less than three months after he had become chief financial officer. Mr Steffen, formerly chief financial officer of Honeywell, has a reputation for taking tough, rapid action to improve a company's performance.

His departure from Kodak appeared to result from a clash with the group's chairman, Mr Kay Whitmore. Mr Whitmore, with a reputation of much greater caution, said at the time that Mr Steffen had left "not because we disagreed on what needs to change, but because we could not agree on the process for making that change happen".

Citicorp combined news of Mr Steffen's arrival with an announcement that it plans to sell about 10m depositary shares of non-cumulative perpetual preferred stock at \$25 a share. The offering, which will be lead-managed by Lehman Brothers, will add about \$250m to the bank's "tier one" capital. Citicorp shares were \$4 higher at \$39 in heavy trading yesterday morning.



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## NEWS: EUROPE

## Italian interest rate cut to 10.5%

By Robert Graham in Rome

THE Bank of Italy yesterday cut the discount rate by half a percentage point to 10.5 per cent, the lowest level since 1976.

The move followed the positive outcome of the second Danish referendum on the Maastricht treaty and is in response to calls from recession-hit industries to ease the still high cost of borrowing. The rate cut is the third this year.

Commercial banks immediately began to bring their prime rates into line. On average the commercial banks looked set to cut their prime rates by half a percentage point to 11.75 per cent.

The fall in interest rates, reflected in the reduced cost of financing the budget deficit, brought some relief to the Ciampi government as the economic team finalised measures for a mini-budget.

This could be announced today with a mix of new taxes and spending cuts which are aimed at producing an extra L13,000bn (\$8.6bn). The bulk is expected to come from higher taxes, specially on petrol.

The mini-budget is also being planned in conjunction with the 1994 budget which for the first time will be ready before the summer recess of parliament.

Austerity is expected to continue with the need to hold down the public sector deficit which remains over 10.5 per cent of GDP.

This week the government received another harsh reminder of the continued demands on the Treasury. A constitutional court sentence has declared that some 3.6m civil servants and members of the military are eligible to have their severance pay on retirement topped up to accommodate inflation. The court allowed parliament a reasonable period to implement legislation but this will add at least L9,000bn in public spending.

## Greece begins bugging probe

THE Greek parliament began setting up a powerful committee yesterday to investigate charges that leaders of the ruling conservative party illegally bugged their political opponents, Reuters reports from Athens.

Party leaders began selecting those who will sit on the 35-member committee to inquire into allegations that the ruling New Democracy party systematically eavesdropped on an array of rivals during a political crisis from 1988 to 1990. They also plan measures to control bugging.

## Denktash offers port to UN

TURKISH Cypriot leader Rauf Denktash said yesterday the resort of Varosha could be handed over to the United Nations in return for the lifting of an international embargo on Turkish Cypriot ports and airports, Reuters reports from Nicosia.

"We indicated that provided the embargo which has been going on for 29 years is lifted from our ports and airports, we could discuss this," he said. But, he added, transfer of the former Greek Cypriot resort would have to await agreement on a wider Cyprus deal.

## Moscow sets tough debt terms for CIS

By John Lloyd in Moscow

RUSSIA is demanding repayment on harsh terms of the trillions of roubles it is owed by the other former Soviet republics. Members of the Commonwealth of Independent States, they are ostensibly committed to establishing a closer economic union.

In talks with the states, Russia has demanded:

• Repayment must start from 1994;

• The interest rate on the debt must be paid at 2 per cent over the prevailing interbank rate;

• The repayments be denominated in dollars at a rate pegged to that prevailing in the middle of last year, when the rouble was much stronger against the dollar.

Western advisers following these negotiations say the terms are exceptionally tough - especially as Russia has benefited from a five-year postponement on payment of interest and capital on its \$80bn-plus debt with the London and Paris clubs. But they

are also seen as an opening gambit, albeit one showing Russia is no longer willing or able to deal with its neighbours on any other than commercial terms.

Most of the debt is in the form of technical credits advanced over recent years which have allowed the republics to keep on buying Russian energy and manufactured goods. Russia's dominance as an energy producer has meant it is the creditor country in nearly all bilateral relationships with other CIS members.

However, the debtor countries are in most cases even more impoverished than Russia, with much less possibility than Russia of earning hard currency through energy or other sales. Their continuing need for Russian credits is illustrated by the intention of the Ukrainian government to seek a further \$1,000bn credit line to pay for Russian oil and gas this year.

Russia's potential to earn hard currency this year and next has been damaged by the continuing fall in oil output.

## Russian leaders agree to reforms tied to IMF loan

By Leyla Boulton in Moscow

THE Russian authorities yesterday patched up divisions over proposals for economic reform which are linked to a new \$3bn loan from the International Monetary Fund.

Mr Viktor Chernomyrdin, the prime minister, Mr Viktor Gerashchenko, the central bank chairman, and Mr Boris Fyodorov, the finance minister, reached broad agreement to make no new spending decisions for the rest of this year, to increase interest rates, and to maintain quarterly limits on credit expansion.

The agreement follows modifications discussed with the IMF. Earlier this week, the measures were criticised by Mr Gerashchenko, who has deep reservations about Mr Fyodorov's strategy for cutting inflation and restructuring the economy.

Mr Gerashchenko told bankers that restrictions on credit expansion agreed with the gov-

ernment would be overshoot in the second quarter, not to mention the rest of the year. He also challenged proposals for the rate at which the Central Bank gives credit to the economy to track a so-called market rate.

But agreement among the three men is by no means the end of internal squabbling in the Russian camp. The proposals for instance run directly counter to the views of old-time conservatives such as first deputy prime minister Oleg Lobov, in charge of the Economics Ministry.

Mr Fyodorov, who has sought to make the proposals as binding as possible for his colleagues, said at the beginning of the week he expected the government and Central Bank to make a joint pledge yesterday. But Mr Sergei Vasiliev, head of the government centre to monitor economic reform, said the document would not be ready until Saturday.



German Chancellor Helmut Kohl adjusting the lapel of a Turkish honour guard on the second day of an official visit yesterday

## Window on the west reopens

St Petersburg could be Russia's Milan, reports Lynnley Browning

WESTERN tobacco companies are among the growing number of investors choosing St Petersburg, Russia's former imperial capital, as the home base for their operations in the former Soviet Union.

While most Moscow-based companies such as Coca-Cola, IBM and 3M have representative offices in the city, other companies, including Procter & Gamble, Philip Morris, RJR Reynolds and Gillette, have made St Petersburg their CIS headquarters.

"St Petersburg could be to Moscow what Milan is to Rome," says Mr Ruud Wittkamp, St Petersburg manager of Ernst & Young, one of six accounting, auditing and consulting firms represented here. "Rome may be Italy's political locus, but Milan is its economic centre."

Built by Peter the Great as "a window on the west" nearly three centuries ago, St Petersburg has long been Russia's most European city. With geographic proximity to the west, a more co-operative bureaucracy, architectural grandeur, a well educated population and military-industrial enterprises ripe for conversion, the city has significant advantages over Moscow.

Nearly half of about 6,000 foreign joint ventures in Russia are based in the city. Gillette, which plans to build a factory to supplement its joint venture partner Lencin's existing factory, intends to make St

Petersburg one of the company's top three manufacturing points in the world.

Rothmans, which recently announced plans for a \$90m factory, joins tobacco concerns Philip Morris and RJR Reynolds in establishing manufacturing operations in St Petersburg.

Coca-Cola is also negotiating land agreements to build a bottling factory, the first stage of a \$34m project. Otis Eleva-

tor, which operated in the city before the 1917 revolution, recently opened its manufacturing facility and plans full production capacity and export to the rest of Europe in 1996, while 3M is building a factory to make telecommunications products.

Western consumer-goods companies are marketing their products to an urban, highly educated population in a city long considered the cultural and intellectual capital of Russia.

St Petersburg's 5m population is the most highly educated in Russia; more than half have university degrees; 60 per cent are of working age; one in seven is an engineer working in military-industrial enterprises. The city also provides a choice pool of highly qualified labour.

Part of St Petersburg's appeal lies in its reputation as a city less entangled in red tape than other Russian cities, and in the reputation of its first elected mayor, Mr Anatoly Sobchak. He advocates tax incentives for big business, private ownership of land, and banking reforms. He is the architect of the Free Economic Zone project, in which tax

breaks, abolition of import/export tariffs, and simplified joint venture registration procedures would boost foreign trade and encourage manufacturing.

Popular opposition to Mr Sobchak is also growing. His critics say he pays too much attention to western companies offering products few can afford while neglecting housing, transport and other infrastructural problems and failing to combat rising crime.

There are problems. Crime has risen significantly. Eight Marlboro kiosks were fire-bombed recently for "undercutting" the price of cigarettes sold in stands controlled by racketeers, and Coca-Cola pays the taxi fare home for its Russian employees, who are routinely harassed.

Businessmen also complain that property negotiations are hampered by disputes over who owns what. Unlike Moscow, where gigantic Stalin-era structures dominate the skyline, St Petersburg has endless rows of once elegant 19th-century, Italianate buildings which will be prime investments once the bureaucratic wrangling over property rights are overcome.

But despite the problems, life is starting to get easier. Satellite telecommunication is now available, sales of centrally located privatised apartments to executives are soaring, and the city's second five-star hotel, the Nevskij Palace, is due to open soon.

## Waigel suffers political setback at home

By Quentin Peel in Bonn

A CHASTENED Mr Theo Waigel, the German finance minister, is set to stay on in Bonn to wrestle with the budgetary headaches of German unification, after he failed in an attempt to take over as prime minister in his home state of Bavaria.

The man now regarded as odds-on favourite for the Bavarian job is Mr Edmund Stoiber, the conservative interior minister in the Bavarian government and a close consultant of the late Franz-Josef Strauss, the longest-serving post-war Bavarian premier.

The solution, to be presented to a meeting of the party leadership of the Bavaria-based Christian Social Union (CSU) today, is good news for Chancellor Helmut Kohl. He will not have to find a new man to fill the unpopular job of finance minister at a time of acute budget stringency, and in the run-up to a whole series of state and national elections.

It amounts to a serious setback, however, for the political ambitions of Mr Waigel, who had clearly set his heart on the state premier's job in Munich. He now knows that in his home base, he cannot match the support of Mr Stoiber, the hard man of the CSU and now seen as a certain future party leader.

The planned compromise will leave Mr Waigel as party leader in the CSU, with his position ostensibly enhanced, provided he remains in Bonn. There he has always shown himself to be a loyal and likeable lieutenant to Mr Kohl in the ruling coalition.

An important factor in the outcome is the decision of CSU party barons on who can best resist the advance of the far-right Republican party in next year's state, national and European elections. Mr Stoiber, who has taken a strong anti-immigration and tough law-and-order stance, is seen to be the obvious local leader.

Mr Waigel's problem is that the Bonn Finance Ministry is a poisoned political chalice. Only on Wednesday, Mr Kohl served notice that another ferocious round of savings was needed to keep the 1994 budget under control. Tax revenues are estimated to fall more than DM100bn (\$63bn) short of the original forecast up to 1996.

## Basques and Catalans plan their own 'central' banks

By Peter Bruce in Madrid

SPAIN'S TWO big governing regional parties, the Basque PNV and the Catalan CiU, have both issued a serious threat to the central authority of Madrid before the June 6 general election by announcing plans to establish public banks which could greatly increase the financial autonomy of the two regions.

The move, started by the Basques and quickly followed by the Catalans, is a taste of the complex political dilemma that could confront either of Spain's two main parties, the governing Socialists or the conservative Partido Popular (PP), after the election.

These parties are neck-and-neck in the polls, which predict a hung parliament in which any government would have to have the assistance of

the Basque and Catalan parties. By launching their proposals now, the Basques and Catalans are making clear the price of such co-operation.

The PNV has said its planned public bank for the Basque country would enjoy the same powers as the Bank of Spain in obliging Basque financial institutions, mainly savings banks, to deposit with it a proportion of their deposits, interest free, to meet liquidity requirements.

A draft law published by the Basque government says the new bank, the Euskadiko Banku Publikoa, would serve to "obtain the maximum financial autonomy for Euskadi" (the Basque country).

The possibility of creating a Basque central bank has been raised before and it is believed that, ultimately, the PNV intends the new bank to be a central bank and to issue its own currency. The Basque

country already has a statute of autonomy, which allows the regional government the exclusive right to collect and distribute taxes.

Responding to publication of the Basque draft law, the CiU leader and Catalan premier, Mr Jordi Pujol, emerged from a cabinet meeting this week saying: "We must do it too." The Catalans, who do not yet collect their own taxes, want a public bank run by the regional government

which would be used to help fund regional government projects.

It is taken for granted, however, that the Catalans, sooner or later, would also want this bank to take some control over Catalonia's financial sector, and that it would also begin to set liquidity requirements for local banking institutions.

In Madrid, the government and the Bank of Spain have strongly opposed both ideas.

## Parties may have to pay homage to Catalonia

Catalan nationalist leader Jordi Pujol could hold the balance of power after the vote on June 6, writes Tom Burns

SPANISH



ELECTIONS

THE one political party that is wholly confident about Spain's June 6 general elections is Catalonia's nationalist grouping Convergencia i Unio, CiU. Its electoral slogan proclaims the poll date to be "The Great Opportunity" and nobody disputes the relevance of the message.

The ruling Socialist party, PSOE, and the centre-right Partido Popular, PP, are worried.

The two Madrid-based parties are evenly matched and they both know that neither of them is likely to form a governing majority.

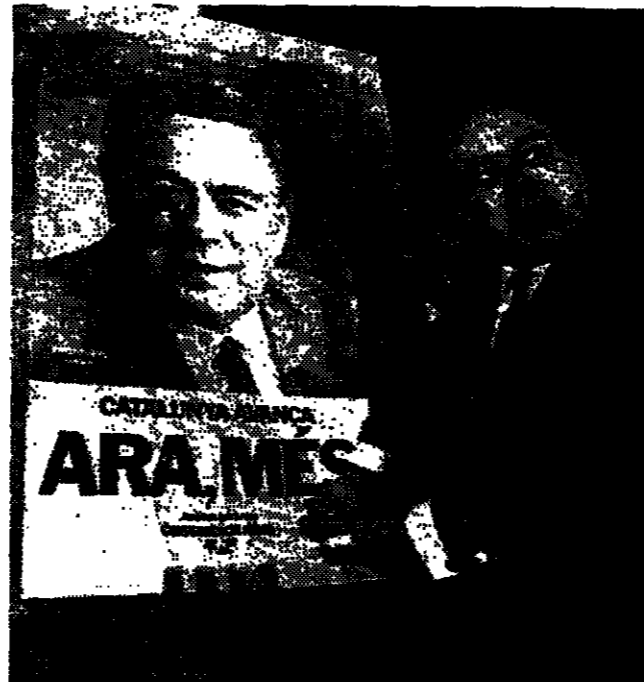
The prospect of a stand-off election and a hung parliament is tailor-made for CiU's ambition to consolidate its hold on the wealthy north-east corner of Spain.

CiU has consistently won Catalonia's regional elections - its leader Mr Jordi Pujol has run the autonomous government, the Generalitat, since 1980 - and it is now also poised to outstrip the Socialists in Catalonia in a general election. Opinion polls indicate that CiU could gain up to three seats, to return 21 of the 47

MR JORDI PUJOL (right) is fast and fluent, although not always understandable, in English, French, German and Italian as well as Spanish, writes Tom Burns in Barcelona. As a public speaker he is at his most impressive speaking Catalan, the language he considers his birthright and that of Catalonia's 6m-odd inhabitants.

Aged 63, Mr Pujol has been running the area that he resolutely calls a *racio* since 1980 as chief minister of the Generalitat, the Barcelona-based autonomous government. As well as the most linguistically gifted of Spain's senior politicians, he is the longest serving in high elected office.

Mr Pujol has been a passionate Catalan patriot since his student days, when he was tortured and imprisoned for singing Catalonia's national anthem at a Barcelona concert attended by the top brass of General Franco's dictatorship.



Catalans. It embraces diehard and lukewarm nationalists, big business, small shopkeepers and liberal-minded professionals. An alliance with the PSOE would anger Mr Pujol's middle-class supporters but one with the PP would upset Catalan nationalist sentiment.

CiU could only realistically join the PSOE if the Socialists disavowed controversial elements in their manifesto such as a pro-union strike law. An alliance with the centre right would require the PP to accept the Generalitat's more strident nationalist policies.

It is not, however, a choice that can be ducked. "Since we have the responsibility of governing Catalonia, we are condemned to reaching an understanding with Madrid," says Mr Joaquin Molins, a former member of Mr Pujol's Generalitat government who is now running for a CiU seat in Congress. Tipped for a cabinet post in the event of a coalition government, Mr Molins stresses that it is very much in Catalonia's self-interest for Spain to have a competent and stable government.

Catalonia resembles northern Italy in its sophisticated development. However, unlike there, such as the Lombard League, which have little time for the rest of Italy, CiU cannot

dissociate itself from its Spanish framework. Catalonia is only geographically close to the core of Europe; its prosperity is to a large extent dependent on the purchasing power of the more backward areas of the domestic economy.

La Gran Oportunitat, as CiU's electoral posters proclaim, is the challenge to infuse the Spanish administration, as junior partners in a coalition led either by the PSOE or the PP, with all the values and virtues of modernity, efficiency and commercial acumen that are attributed to the Catalans.

The slogan echoes a call to "Catalanise Spain" made 60 years ago by the financier Mr Francesc Cambó, the father of modern Catalan nationalism. But it is also an opportunity to increase the considerable self-rule powers that are already enjoyed by Barcelona's Generalitat.

Mr Pujol will insist on the Generalitat's fiscal co-responsibility in Catalonia with the Madrid government as the price for CiU support in a national coalition government. Eventually Mr Pujol wants the Generalitat to raise its own taxes and then pay a lump sum to Madrid for the services rendered by the central administration. The Basque country and Navarre, its adjoining

autonomous community, already have this prerogative. "All we want is the same deal," says Mr Molins.

It is doubtful, given the electoral trends, whether either the PSOE or the PP will be in a position to reject such a deal after June 6.

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# Kravchuk bids for wider power

President's move plunges Ukraine into constitutional crisis

By Chrystia Freeland in Kiev

UKRAINE was plunged into a constitutional crisis yesterday when President Leonid Kravchuk asked parliament to make him head of government, a position now held by the prime minister. In response Prime Minister Leonid Kuchma offered to resign.

The president's unexpected bid for greater power came as parliament considered the prime minister's own request, made earlier this week, for an extended remit in order to implement economic reform.

The conservative parliament had looked set to meet Mr Kuchma's demands, thereby facilitating greater reform, but the president's proposal could now block that process.

Mr Kuchma this week called on parliament to extend his power to rule the economy by decree and asked for control over the central bank and state privatisation body.

He said he would use this expanded authority to tighten Ukraine's monetary policy and push through more rapid privatisation.

Mr Kravchuk had been expected to back the prime minister's plan, but he surprised deputies yesterday with his request to amend the constitution to make the president the head of all executive structures in Ukraine.

"Our president is a very good chess player," commented a senior official government official.

The presidential option is attractive to deputies because he has promised not to restrict their authority to pass economic legislation.

Deputies are expected to vote



The Ukrainian prime minister, Mr Leonid Kuchma (left), pictured earlier this year with the republic's president, Mr Leonid Kravchuk, at the Commonwealth of Independent States summit held in Minsk

on both the president's and the prime minister's proposals today. If the president wins, as most predict, Ukraine's stalled economic reforms could face a further setback.

A senior cabinet minister, who said he would also offer to quit if the prime minister went, said that if the president took charge of the government he was likely to bring back the ex-Communist old guard forced

out when Mr Kuchma took office last autumn.

In that event he forecast policies which would push Ukraine into hyperinflation within the next six months.

Presidential advisers, however, deny this, saying Mr Kravchuk, who has carefully side-stepped economic issues during his first 18 months in office, will pursue radical reforms. "Mr Kuchma's gov-

ernment said it was pro-reform," said one, "but actually its policies were conservative."

After a week of rapid reversals, some deputies are advocating a third option. Mr Volodymyr Iavorivsky urged president and prime minister to work together, suggesting that Mr Kuchma accept the job of vice-president responsible for the economy.

However, the prime minister

is understood to have already rejected such an option.

The political uncertainty is likely to be a setback for the International Monetary Fund delegation currently in Kiev. It arrived earlier this week to begin what Ukrainian and IMF officials had hoped would be conclusive talks on granting Ukraine access to the IMF's newly created transitional lending facility.

## Belgium stresses European union

By Andrew Hill in Brussels

MR Jean-Luc Dehaene, Belgium's prime minister, said yesterday greater European integration would be a priority when the country takes over the EC presidency from Denmark in six weeks' time.

"It has to be said quite clearly that the best response to the political and economic crisis we are going through is not less, but more Europe," said Mr Dehaene in a speech in Waregem, northern Belgium.

That means, first, implementing the Maastricht treaty and, secondly, ensuring (economic) growth in Europe," Mr Dehaene, a Flemish Christian Democrat, told a meeting of Catholic employers.

Mr Dehaene's speech is likely to create disquiet among Euro-sceptics in Britain, which has yet to ratify the Maastricht treaty. They fear that Belgium, backed by other enthusiastic EC members, will pursue a strong line in favour of greater integration during its six-month presidency, especially now that Denmark has voted in favour of the treaty.

He added that monetary union would underpin the European economy and "finally put an end to competitive devaluations" of EC currencies, which have put pressure on Belgium's export-based economy.

Senior Belgian ministers have suggested in the last week that the EC might have to consider relaxing Maastricht's strict economic conditions for monetary union, if the recession persists.

Sympathy for anti-Maastricht demonstrators is hard to find

## Second night of riot deepens Danes' dismay

By Hilary Barnes in Copenhagen

A SECOND night of riots in the Nørrebro area of Copenhagen, following Denmark's endorsement of the Maastricht treaty on Tuesday, has left Danes wondering what has hit their peaceful society.

Further mayhem may be on the way; the demonstrators, associated with a militant anarchist squatter group known as the BZ'ers, are planning an official demonstration against the police tomorrow.

However, yesterday's media reports were notably lacking in sociological soul-searching on the causes of the riots. The Copenhagen popular newspaper Ekstra Bladet, with a strongly anti-Maastricht readership, described the riot as "shameful", "completely undanish", and ascribed the riots to "louts".

Copenhagen, one of only two areas in which there was a No majority on Tuesday, is a city dominated by civil servants and administrators, students, and the financial service sector. It also has more than its share of social welfare clients and pensioners.

It has above-average unemployment, about 16 per cent compared with the national average of 12 per cent. Youth unemployment, however, has been partly held in check by provision of more places in tertiary education, so that unem-

ployment in the 16-24 age group is about the same as the national average.

There was a measure of understanding for the rioters from the June Movement, the most prominent of the anti-Maastricht campaign movements. One of its leaders, Ms Drude Dahlerup, declined to condemn Tuesday night's rioters until she had heard all the facts. But there is no evidence of popular support for the BZ'ers.

With the city full of journalists and camera crews, the chief worry of many Danes is the country's "reputation abroad as a country where you can walk the streets in safety", as the national newspaper Berlingske Tidende put it.

The second riot was less vicious than the first, when police were under such severe pressure from the stone-throwing demonstrators that they opened fire and wounded 11 of them - none seriously. About 26 policemen were also injured.

Mrs Ebbe Strange, a left-wing member of parliament, has called for an inquiry into the riot. On Wednesday night 100-200 demonstrators began smashing shop windows and were soon involved in a street battle with about 200 police, who used teargas but did not fire their handguns again. Four police were slightly injured and four demonstrators arrested, said police.

## Serbs confident they can end war and keep spoils

BOSNIAN Serb leaders have triumphantly declared peace, presenting the outside world with the fait accompli of their self-styled state and challenging the west to come up with new peace proposals to replace the Vance-Owen plan, acceptable to the Bosnian Serbs.

Despite rifts between Mr Radovan Karadzic, the Bosnian Serb leader, and his Belgrade patrons, Serb leaders on both sides of the frontier appear to believe that the war is over. Their apparent differences are about tactics to achieve their objectives.

In the aftermath of the overwhelming rejection by Bosnian Serbs of the Vance-Owen plan in their referendum last weekend, it is significant that Belgrade has toned down its criticisms of Bosnian Serb leaders.

Mr Karadzic is now confident that the west will not intervene against Bosnian Serb targets. He is clearly buoyed by the rumblings of the rift between the US and its European allies over how to handle the crisis, and has even said the Clinton administration would soon publicly back Serb "rights" and the "autonomy of our state".

The Bosnian Serb assembly's announcement on Wednesday that Bosnian Serb forces would

cease all military operations in Bosnia comes at a time when they already control 70 per cent of Bosnian territory, compared with the 43 per cent allocated to them under the Vance-Owen plan. The remark by a prominent Bosnian Serb intellectual that "the remaining [Moslem] enclaves will fall like

### Laura Silber reports on why the world community is being defied

ripe fruit from the trees" is indicative of the widespread feeling of confidence among the Serbs of Bosnia.

In their efforts to carve out a Serbian state, Republika Srpska, Bosnian Serbs have expelled or killed hundreds of thousands of Moslems. "The decision has been made. The Serbian people never again - not under any conditions - will give up Republika Srpska and the whole world must know this," Mr Karadzic told the Bosnian Serb assembly.

Anxious to persuade the UN

to ease sanctions against the remnants of Yugoslavia, Mr Slobodan Milosevic, Serbian president, has endorsed the international plan to divide Bosnia into ten provinces. But he is clearly aware that re-invention of multi-ethnic Bosnia will prove elusive for a fractious international community.

If Belgrade has backed the step-by-step implementation of the Vance-Owen peace plan, it has done so on the assumption that it would give time for "necessary corrections" to be made. In practice, this can only mean territorial concessions to the Bosnian Serbs.

Mr Karadzic set out his thoughts on the subject with brutal clarity on Wednesday. A Bosnian Serb state would be willing to settle for a confederation with the Croats and Moslems in Bosnia-Herzegovina, "if it makes the job of the international community easier, and if they want to preserve Bosnia-Herzegovina in some form."

Serbian power-brokers have echoed Mr Karadzic's call for peace. Even more telling are the similar statements this week by President Franjo Tudjman of Croatia. Serb and Croat leaders have long sought to carve up Bosnia at the expense of the Moslems, the republic's biggest ethnic group.



## UN considers deploying Bosnia border monitors

By Michael Littlejohns, UN Correspondent, in New York

THE United Nations Security Council is considering a proposal to deploy some 500 international military observers at dozens of checkpoints on the Yugoslav-Bosnian border to monitor Belgrade's compliance with its promise to halt arms supplies to Bosnia.

The resolution, sponsored by Russia and EC members Britain, France and Spain, is also expected to win US backing, albeit unenthusiastic. The US rift with the Europeans on Balkan policy remains acute.

The secretary general's staff are already making contingency arrangements for deploying the observers at some 50 checkpoints, although

the plan will have to be presented first to the Council.

Their main task would be to ensure that President Slobodan Milosevic fulfils his promise to put pressure on the Bosnian Serbs to accept the Vance-Owen peace plan by cutting off vital supplies.

Mr Milosevic has called for a similar international observer team on the Bosnian-Croatian border to halt arms shipments to the Bosnian Croats. The resolution asks for recommendations by the secretary general on this question.

Two other resolutions dealing with the Balkan crisis are also being considered. One, to establish formally an 11-member international war crimes tribunal, has run into juridical problems. These were still

being ironed out last night.

The other is a proposal that would have Russian troops join the mainly western European international force in Bosnia under a plan that would add about 3,000 soldiers to that operation.

Laura Silber adds from Belgrade: Fresh clashes erupted yesterday in northern and central Bosnia, in spite of pledges of peace by Serb and Croat leaders.

At least two people were killed and nine wounded in sniper and mortar attacks on Sarajevo, reported Bosnian radio. Tanjug, the Belgrade-based news agency, said Grbavica, the Serb-held district of Sarajevo, came under a heavy mortar attack for the second straight day.

## Competition cases jam easing

By Andrew Hill in Brussels

THE European Commission managed to cut its backlog of competition cases by nearly a third last year.

The Brussels authorities have been heavily criticised by lawyers and companies for the time it takes to examine routine deals under EC treaty

rules which outlaw cartels and abuses of a dominant position. The Commission's annual report on competition reveals that 1,562 such cases were still being examined on December 31 1992, compared with 2,287 a year earlier.

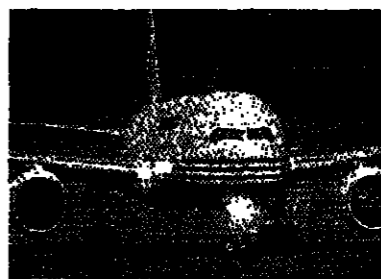
Some 399 new cases were taken on during the year, compared with 388 in 1991. Since 1988, there has

been a 55 per cent reduction in the backlog, as the Commission has tried to accelerate internal procedures.

Brussels already applies strict deadlines to merger cases, but the competition directorate says it is not yet possible to introduce internally binding deadlines for the bulk of general cases.

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## NEWS: THE AMERICAS

## New face at unsteady helm

Christina Lamb weighs up the latest Brazilian minister of finance

THE frequent changes of faces at the helm of Brazil's economy continued yesterday when Mr Fernando Henrique Cardoso was named finance minister in a cabinet reshuffle.

He is the fourth person in eight months to try his hand at stabilising Latin America's largest economy and succeeds Mr Eliseu Resende, who lasted a mere 80 days. However, critics of President Itamar Franco's inability to retain ministers were cheered by the positive reaction to Mr Cardoso's appointment as the best choice in the circumstances.

Mr Mailson da Nobrega, a former finance minister, said: "Fernando Henrique has all the qualities needed to improve the situation - he has support in Congress, is very respected by businessmen, economists and intellectuals, and he has international prestige."

Mr Cardoso, who is 63, a Social Democratic party senator and a leading sociologist, had been foreign minister since September and won much praise for his performance. A former professor at the universities of Paris, Geneva, Mexico and Cambridge, he is the only figure in

the Brazilian cabinet who carries real weight abroad and, despite his left-leaning tendencies, is thought to be the only person able to secure for Brazil a new accord with the International Monetary Fund.

The financial markets welcomed the news of Mr Cardoso's appointment, the main São Paulo index rising 4.7 per cent by the lunchtime close. His considerable influence in Congress will help to pass government legislation and he is seen as one of the few people who can handle Brazil's temperamental president. Three finance ministers, two planning ministers and two central bank governors have topped during Mr Franco's eight months in office.

Some foreign investors were dismayed at the idea of yet another change. "I have nothing printable to say about Brazil," said one. Others saw it as more proof of Mr Franco's mercurial character and are already counting down the 18 remaining months of the Franco administration.

Mr Igor Cornelien, director of Charter West LB in São Paulo, said: "The real problem is the president, not the ministers. I ask to what extent will

Fernando Henrique be able to do anything, or even attract people to work with him?"

The senator was in New York yesterday when his appointment was announced and he has yet to comment, but associates believe his greater stature than that of his three predecessors has secured a deal whereby Mr Franco is to keep out of economic policy. They point out that he had previously refused the post.

Mr Cardoso's nomination ended the uncertainty of the last fortnight over allegations against Mr Resende that he was favouring his former employers, the Odebrecht construction group, with cheap government finance. He has repeatedly denied the allegations and said yesterday the scandal had reduced his ability to implement the government's economic plan, announced last month.

Mr Resende's departure was part of a wider reshuffle which included the sacking of the ministers of administration and of agriculture, as well as the dismissal of the head of Funai, the federal Indian protection agency. General Rom-

ildo Canhim has been named administration minister.

The new appointments are not expected to alter the government's strategy of stimulating growth through spending and interest rate reduction. Mr Cardoso was one of the authors of the government's economic plan and is a frequent adviser to the president. Mr Roberto Freire, the government's congressional leader, said: "We may have had successive changes in ministers but the direction of economic policy has not changed - our commitment to growth and social policy continues."

Mr Cardoso now has to try to bring down inflation from 30 per cent a month and plug an estimated budget deficit equivalent to \$15bn (\$24bn). Mr da Nobrega said: "It's a very difficult situation. There is no sign that inflation will fall and the plan does not tackle the real issues. The most he can do in the short term is avoid a grave acceleration of inflation."

In an interview on Wednesday, though, Mr Cardoso was more confident: "Brazil is a viable country, the problems are well known and the solutions within reach."

## Troops on alert as decision looms on Pérez

By Joseph Mann and agencies in Caracas

VENEZUELA'S government put thousands of extra police and national guards on the streets of Caracas yesterday in anticipation of possible violence as the supreme court debated whether to impeach President Carlos Andrés Pérez on corruption charges.

More than 5,000 police, double the usual contingent, were dispatched across the capital while National Guardsmen flanked the avenue leading up to the presidential palace.

Security was doubled around the supreme court and oil installations, and the number of troops at airports was increased. During the day city streets were virtually empty as many people stayed at home, fearing possible disturbances.

The supreme court was expected to issue its opinion early yesterday, a confident Mr Pérez again maintained his innocence, arguing that this was merely the latest attempt - politically motivated - to oust him.



A security guard stands ready outside the Venezuelan supreme court building in Caracas

It would be the first time in Venezuela's 35 years of democracy that a leader was forced from office. Mr Pérez would be suspended from his post pending the verdict.

In his weekly radio address early yesterday, a confident Mr Pérez again maintained his innocence, arguing that this was merely the latest attempt - politically motivated - to oust him.

"I know that they want to crush me," he said. Declining to leave office until he is forced to, he said: "Here I am and here I will stay. I await the decision serenely."

If the supreme court decides in favour of impeachment, the case must then be reviewed by the senate, which will have to vote on whether the president should be tried.

Mr Pérez first said he would resign if the supreme court

decided against him, but later asserted he would name one of his government ministers to serve as acting president. Mr Pérez first held the presidency in 1974-78, a bonanza era when the country was the second-largest supplier of oil to the US. But his second term, starting in 1988, has been marked by political and social unrest in an oil-rich but corrupt country where many live in poverty.

## Panamanian leader pleads not guilty

Former President Manuel Solís Palma, Panama's figurehead leader while General Manuel Noriega called the shots as defence chief, has pleaded not guilty to charges of abusing his authority, AP reports from Panama City.

Mr Solís Palma fled to Venezuela and is not attending the trial. He is accused of using paramilitary groups to help suppress street protests.

He and three men already in jail - Arturo Marguines, Enrique Thompson and Benjamin Colamarco - are charged with attempting to undermine state security and Panama's standing in the world.

If convicted, each faces up to three years' imprisonment on the first count and three to six years' on the second.

## Cuban mystery epidemic 'unique' says US expert

By Carole James in Kingston and agencies

A US VIRUS expert helping Cuban doctors to track down the cause of a mystery nerve disease affecting thousands of Cubans said the epidemic was unique in his experience.

"After half a day here it's evident that this is a unique epidemic. It's not like anything that I've ever heard of or seen," Dr Carleton Gajdusek, the winner of the 1976 Nobel prize for medicine, said in Havana late on Wednesday.

He is a specialist in neurological diseases from the US government's National Institutes of Health and has joined a team of international specialists helping investigate the epi-

dem, which has afflicted almost 30,000 people on the Caribbean island.

The Cuban government asked for foreign assistance to deal with the illness after local doctors had confessed to being baffled by the disease.

The Cubans had first said the disease was optic neuritis, which leads to a loss of vision and is caused by vitamin deficiency. However, when many of the victims were also found to be suffering from muscular disorders, the doctors said they thought the illness was a "neuropathic epidemic". Many victims are left bed-ridden and partly blind, according to Cuban doctors.

Cuban government officials have denied suggestions that

the illness is the result of poor diet and inadequate medicines. Cuba's beleaguered economy has been suffering shortages of food and medicine. The island's problems have worsened since a storm in March destroyed many crops.

Health officials are hoping the foreign specialists can quickly determine the nature of the illness, so a cure can be applied. They said that their confusion about the nature of the attack is compounded by the fact that its symptoms are not recorded in medical literature, and that it attacks the young, old and healthy.

Last month, some officials suggested that the illness was the result of biological warfare by Cuba's enemies.

## Businessmen in Ontario dismayed at tax increases

By Bernard Simon in Toronto

BUSINESS leaders in Ontario have expressed dismay at corporate and personal tax increases imposed by the province's social democratic government in a bid to reverse its soaring budget deficit.

The New Democratic party's latest provincial budget includes a new minimum corporate tax, a broadening of the provincial sales tax, and steep increases in personal tax rates focused on middle and high income earners. The top marginal personal tax rate, combining federal and provincial taxes, will climb from 49.8 per

cent to 52.4 per cent.

The average family's tax burden will increase by \$340-C\$80 (\$20-24) a month.

Ontario accounts for about 40 per cent of Canada's GDP. A steep rise in its budget deficit in recent years has made it the biggest non-sovereign borrower on international capital markets. The province borrowed \$3.5bn last year, and expects to raise another \$3.1bn-\$3.1bn in the current fiscal year. This will bring total debt to \$79bn - double that four years ago.

Mr Floyd Laughren, provincial treasurer, said he aims to bring down the budget deficit to \$3.2bn in the year to March

31 1994, from \$5.12bn in 1992-93.

Besides the tax increases, he announced a 4.3 per cent cut in government operational spending. The government is also in the throes of scrupulous talks with public sector trade unions over a "social contract" designed to cut \$2bn a year from its wage bill.

Burns Fry, a Toronto-based securities firm, yesterday cut its forecast of Ontario's 1994 growth rate to 3.3 per cent from 4.2 per cent, to reflect the expected impact of the tax increases on consumer spending. It also warned that borrowing requirements may be higher than expected.

## Argentine strike in prospect

ARGENTINA'S trade union congress has attacked the free market policies of President Carlos Menem and raised the prospect of a general strike, "when and where it hurts the government the most," Buenos Aires reports from Buenos Aires.

An assembly of 187 union delegates voted late on Wednesday to authorise Mr Naldo Brunelli, secretary-general of the general labour confederation (CGT), to decide when the strike would take place.

Such a CGT stoppage would be its second national strike since Mr Menem took office in July 1989. The first was staged last November 9.

## NEWS: WORLD TRADE

## Clinton wins 'fast-track' Gatt backing

By Nancy Dunne in Washington

US SENATORS on the powerful finance committee yesterday voiced broad support for a swift extension of President Bill Clinton's "fast-track" negotiating authority in order to finish Uruguay Round negotiations by December 15.

Senator Patrick Moynihan, the committee chairman, promised to introduce the fast-track measure, unencumbered by conditions, on the Senate floor today.

Fast-track is seen as a necessity for any US administration in trade negotiations, because it allows a final package to go through the Congress without amendment.

Mr Mickey Kantor, the US trade representative, yesterday told committee members that he expects the trade ministers of the US, EC, Canada and Japan to agree on the broad outline of a tariff reduction package by the time of the leaders of the Group of Seven industrial powers meet in Tokyo on July.

Although completion of the round by the target date will be "a tall order", he said, the four ministers who met in Toronto last week made significant progress in producing a market access package, particularly in two areas important to the US - semiconductors and wood products.

The Japanese are now "engaged" in the process and aware that "they will have to take a leadership role".

By the time the trade ministers meet in Tokyo there will have been 12 ministerial meetings on tariff reduction, Mr Kantor said. "I remain hopeful that as the host country for the G7 economic summit meeting, Japan will demonstrate its commitment to the success of these negotiations."

He said he would meet the other trade ministers at least twice before the Tokyo meeting.

Once the four ministers negotiate a tariff package, they will return to the bargaining table in Geneva to complete

two big tasks, Mr Kantor said. The market access negotiations will be broadened to include goods and services with the 115 Gatt members participating in the Uruguay Round.

The US will then seek to "improve" the negotiating text produced by Mr Arthur Dunkel, the Gatt director-general.

The areas necessary for change include anti-dumping, subsidies, trade-related intellectual property rights, environment-related issues on technical barriers to trade and sanitary measures, subsidies, textiles and institutional issues, including the establishment of a multilateral trade organisation.

Mr Kantor also said the Clinton administration would seek to use its generalised system of preferences, the tariff free programme, designed to help the developing countries gain markets in the US, as "an important trade policy tool".

Besides conditioning benefits on a government's record on worker rights, it would also be used as "leverage to foster reforms in areas such as intellectual property".

The administration has asked for a short-term 15-month extension of the \$17bn (\$11bn) GSP programme, which expires next July 4. It will also seek elimination of the statutory ban on GSP for the former Soviet Union, which prevents Russian and other republics from being considered for GSP benefits.

"This proposal would allow us to implement President Clinton's commitment to Russian Federation President Yeltsin," Mr Kantor said.

Mr Henry Parker III, of the coalition of US service industries, told the Senate committee that more work must be done to improve the services text.

He said a final agreement should include strong annexes for financial services and telecommunications and substantial liberalisation across a wide range of countries and a mechanism to prevent free riders benefiting.



Sahelian stock-raisers complain that EC beef exports are wrecking cattle sales, their families' only economic resource

## W Africans hurt by EC beef policy

By Leslie Crawford

EC SUBSIDIES for beef exports to West Africa are destroying the livelihood of 4m pastoralists who rely wholly on cattle rearing in the semi-arid Sahel region south of the Sahara, according to the British charity Christian Aid.

With other European aid agencies, Christian Aid has launched a campaign for the abolition of these subsidies.

Since 1984, EC beef exports to West Africa have increased seven-fold, subsidised to the tune of £280m by European taxpayers. Local beef prices have collapsed. The low-quality, subsidised EC beef sells at half the price of locally produced meat. Sahelian farmers are finding that no-one is prepared to buy their herds.

EC beef dumping is not only

threatening the survival of Sahelian communities, it also undermines aid from the EC itself to support livestock production in the Sahel.

Hundreds of millions of Euros from the European Development Fund have been spent on building refrigerated abattoirs in Burkina Faso, on improving cattle breeds in Mali, Gambia and Senegal, and on promoting disease control in the Ivory Coast and Ghana.

An EC council of ministers meeting is expected to discuss the issue at the end of the month.

Christian Aid argues that to stop the export of subsidised beef to West Africa would not seriously damage farmers in Europe. Less than 0.5 per cent of total EC beef production of 8.7m tonnes in 1991 was exported to the region.

## Car makers see 'win-win-win' in Nafta

NORTH American vehicle makers dispute the conventional wisdom that the North American Free Trade Agreement will bring a surge of investment in the Mexican automotive industry at the expense of US and Canadian plants.

Much more likely, they predict, is a rationalisation and integration of facilities in all three countries.

"Mexico will get its share of investment," says Mr Mustafa Mohatarem, director of economics at General Motors. "But to the extent that there's excess capacity in the US and Canada, you're not going to add on capacity in Mexico, especially in the short term."

The Mexican car market is growing by about 7 per cent a year. But the domestic car industry is expected to focus increasingly on the smaller models most popular with first-time buyers. Mr Mohatarem compares Mexico to Spain, which, since its accession to the European Community, has become a hub for small-car production.

While growth in the US and Canadian markets is much slower and likely to remain so, the car companies are confident that Nafta will also benefit suppliers in those two countries.

If all goes to plan, Nafta will stimulate trade between Mexico and its two northern neighbours in much the same way as the 1965 US-Canada automotive agreement led to a surge in trade between those two countries. The trend which has seen vehicle and

parts makers treat the US and Canada as a single market for the past three decades is expected to extend gradually to Mexico.

Nafta provides for duty-free trade within 10 years for parts and for vehicles which exceed 62.5 per cent North American origin. The threshold will rise from the 50 per cent level set by the 1965 US-Canada Autopact, to 56 per cent after five years and to 62.5 per cent. Nafta will have a tighter definition of North American content

vehicles in Mexico. Although some export-oriented plants are as efficient as any elsewhere on the continent, those centred on the local market have relatively small production runs and high costs. Ford's factory in Mexico City, for instance, turns out eight different models.

Both GM and Ford intend to switch production of larger models now made in Mexico to under-used plants in the US or Canada. Ford, for instance, will probably move production of the 10,000 Thunderbirds now

observers predict that Honda and Toyota will put up assembly plants in Mexico within the next few years to complement existing factories in the US and Canada.

But foreign companies with only one plant in North America are more likely to pick a site closer to the main US markets than Mexico. BMW recently announced plans to build a plant in South Carolina. Two other German carmakers - Mercedes-Benz and Audi - are also expected to opt for a US site.

## Industry disputes the view that the trade pact will benefit Mexico at the expense of Canada and the US, writes Bernard Simon

than the Autopact. At the same time, the local-content and trade-balancing requirements of Mexico's Automotive Decree will be phased out. The present 1-0-1 "trade-balancing" ratio between exports and imports will drop to 0.55-1 after 10 years.

Mexico will cut its local-value-added content requirement. Immediately from 36 to 34 per cent, and by another one point a year after five years. The rule will be eliminated entirely after 10 years. The value-added threshold will only be 20 per cent for sales above those achieved just before the agreement is implemented.

The Auto Decree forces foreign car-makers to assemble a wide range of

assembled each year in Mexico to an under-used plant in Ohio.

GM sold only 1,805 US-assembled cars in Mexico last year. But the manufacturers are confident that the new trade-balancing ratios will be sufficient for their northern plants to compete for virtually the entire growth in the Mexican market.

GM predicts that the US's automotive trade deficit with Mexico, now running at about \$2bn (\$1.2bn) a year, will swing to a "significant" surplus.

Nafta's biggest boost to Mexican investment could come from manufacturers which do not yet have a presence there, but are keen to boost sales of economy-sized models in a fast-growing market. In particular, indus-

try observers predict that Honda and Toyota will put up assembly plants in Mexico within the next few years to complement existing factories in the US and Canada.

For the time being, transport costs will limit the appeal of investing in Mexico. Ford cites the example of its compact Escort and Tracer models. These cars are assembled at two plants in North America: Hermosillo in north-central Mexico and Wayne, Michigan, on the outskirts of Detroit.

The Mexican factory has a 30-an-hour advantage in labour costs, which translates to about \$450 per vehicle. But the further north cars are shipped from Mexico, the more this advantage is eroded by freight costs.

Ford finds it economical to ship Mexican-assembled Escorts and Tracers within an arc covering only about one-third of the southern and south-west US. The Michigan plant

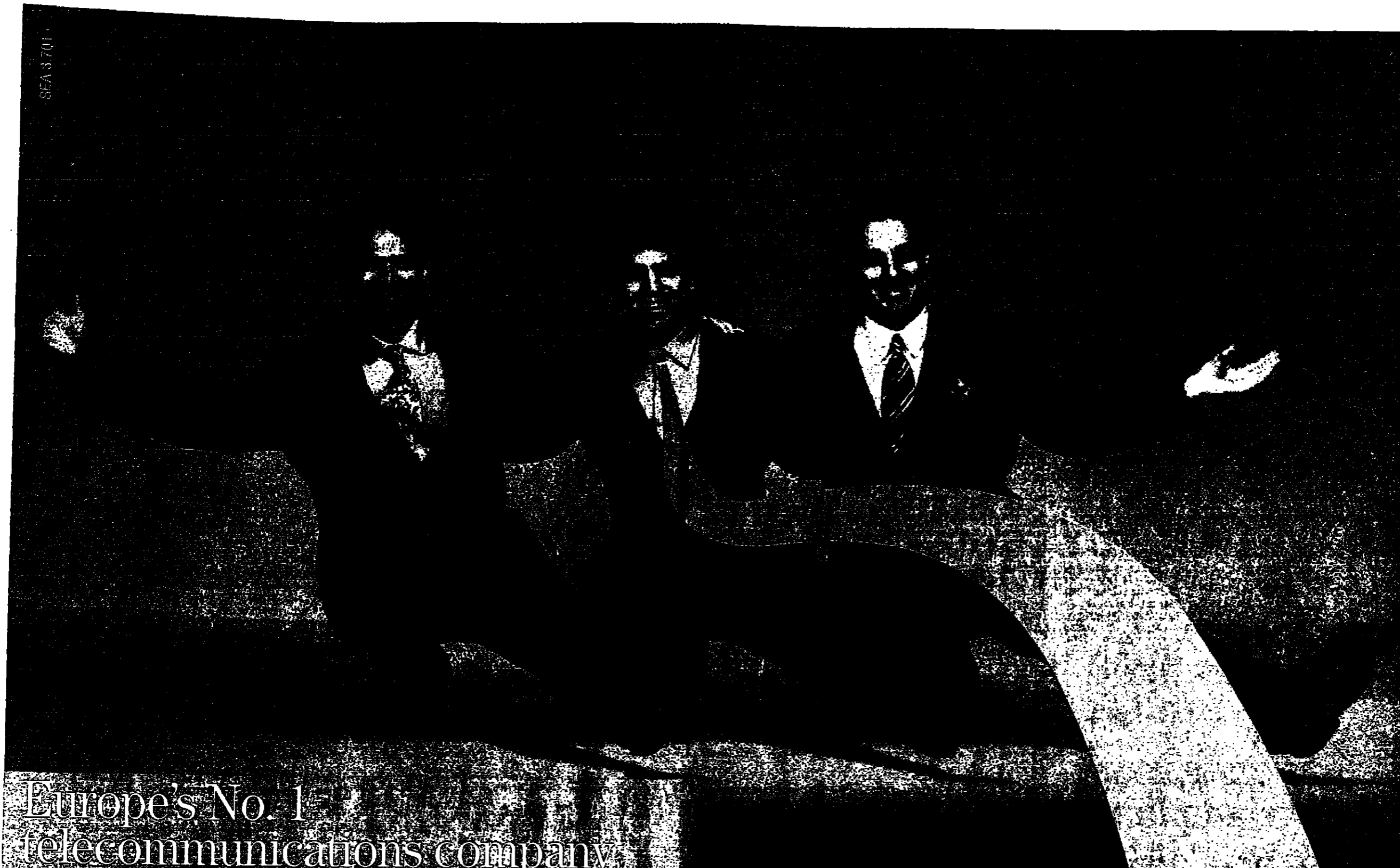
continues to serve the big markets in the north-east US, as well as the whole of Canada. Its output remains about double that of Hermosillo.

But differences in transport costs could narrow as Mexico's infrastructure improves and border procedures are streamlined. Even now, some Canadian parts suppliers ship to Mexico and vice versa.

The Canadians are confident that - despite frequent complaints about high wages and taxes - they will continue to attract new investment under continental free trade. Chrysler, which produces about a third of its North American vehicles in Ontario, announced earlier this year that it was boosting capacity at its Bramalea plant outside Toronto.

A boost to US and Canadian parts makers could come from the increase in the rule-of-origin threshold from 50 per cent to 62.5 per cent. Japanese and German "transplants", most of which only just meet the 50 per cent target, have already begun raising the North American content of their vehicles. "This formalises a level they were heading for anyway," says a Canadian trade negotiator.

The weakness of the US dollar against the yen gives foreign car-makers another incentive to lower their dependence on imports. But even with the 62.5 per cent threshold, they will be able to source almost all their high-value electronic, chassis and powertrain components abroad.



Europe's No. 1 telecommunications company is helping east-west business get into full swing.

The Commonwealth of Independent States (CIS) needs access to western market economies. Equally, many

European companies are interested in developing new business relationships further east. A fully functioning telecommunications infrastructure is a fundamental prerequisite for meeting these objectives. And it's on this international, east-west stage that Telekom is currently making a vital contribution.

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# Sihanouk to return home for election

By Victor Mallet  
in Phnom Penh

PRINCE Norodom Sihanouk, the Cambodian leader and former monarch who has been criticised for living abroad during the implementation of a United Nations-sponsored peace plan, announced yesterday that he would return to Cambodia from his home in Beijing for the general election due to begin on Sunday.

"I will be near my beloved and respected Cambodian people," he said in a statement.

Among those who have urged him to return to Cambodia to support the election are Mr Boutros Boutros Ghali, the UN secretary general, and President François Mitterrand of France.

Prince Sihanouk's associates say he has remained in Beijing partly for medical treatment and partly because he wants to save his political ammunition for the period of confusion which is likely to follow the election. He says he will do his best to reconcile Cambodia's warring factions in a coalition government.

Prince Sihanouk said that he, his family and his staff would not vote "because we have to show our strict neutrality".

Fighting continued in vari-

ous parts of the country yesterday between the Cambodian government and the Khmer Rouge, which has vowed to disrupt the election after withdrawing from a 1991 peace agreement. A Cambodian working for the International Rice Research Institute was killed on the road from Phnom Penh to Kompong Cham when his vehicle was ambushed on Wednesday.

There were also renewed outbreaks of political violence ahead of next week's election. The UN Transitional Authority in Cambodia (Untac) said a member of the royalist party Funcinpec was allegedly shot dead in his house by government soldiers. Troops were also accused of killing two members of another political party called Molinaka.

Mr Yasushi Akashi, the Untac chief, yesterday described the election campaign as a "great success". He said that even if the highest standards of mature democracies were not met, the voting would "certainly be the freest and fairest elections in Cambodia's recent history".

Mr Akashi said he would declare on May 28, the last day of voting, whether he considered the conduct of the election to have been free and fair. See Feature

# Signs of thaw for HK talks

By Tony Walker in Beijing and  
Simon Davies in Hong Kong

SINO-BRITISH talks on the future of Hong Kong resume in Beijing today with the British side hoping that discussions can progress towards substantial negotiations.

China yesterday gave approval to three key Hong Kong franchises after an informal meeting in the colony of the Sino-British Joint Liaison Group, suggesting a further thawing in relations between the two sides.

The contracts had already been approved by the Hong Kong government, but were caught up in the political backlash that followed the announcement of Governor Chris Patten's political reform proposals. China said it would not recognise new franchises handed out by Hong Kong without Beijing approval.

Following the meeting, the Wharf group received approval for its HK\$5bn (240m) cable television project, while Hong Kong Electric has a 15-year extension on its operating licence as monopoly supplier of electricity to Hong Kong island. The third contract was for a land-fill site.

Wharf had already spent HK\$600m on the cable project on the basis of official assurances from China, while the Hong Kong Electric franchise was never considered at risk. The timing of the announcement, however, is considered auspicious.

Last week, the Sino-British land commission agreed on the current fiscal year's land disposal programme. However, the fate of the colony's Container Terminal 9 still hangs in the balance.

There are indications that a full Joint Liaison Group meet-

ing may be agreed for June, when the terminal contract will be discussed. The agreements suggest China is prepared to move forward on pressing business matters concerning Hong Kong.

The two previous rounds of broader Beijing talks were dominated by a Chinese re-statement of "guiding principles", which left little room for discussion of specific issues such as the shape of a possible compromise. Beijing charges that Mr Patten's plans to broaden the franchise for Legislative Council elections go beyond understandings reached in negotiations on Hong Kong's transition to Chinese rule in 1997.

Sir Robin McLaren, Britain's ambassador to Beijing and head of its negotiating team, told reporters in Hong Kong before leaving for China that his aim was to reach agree-

ment on "practical arrangements" for Legco elections due in 1994-95. Sir Robin had been visiting the colony for consultations.

A Chinese foreign ministry spokesman, meanwhile, said the Sino-British talks would produce "positive results" if both sides were guided by previous agreements on the future of Hong Kong. Earlier this week, Sir Robin was carpeted by China over a meeting in London between Mr Douglas Hurd, Britain's foreign secretary, and the Dalai Lama, Tibet's exiled spiritual leader.

Xinhua, the official Chinese news agency, reported that Sir Robin had received a "stern warning" from a foreign ministry official. It described the Dalai Lama as a "political exile" preaching so-called independence for Tibet and engaged in activities aimed at splitting China.

# Business pulls Taiwan closer to mainland

FIVE new Boeing 747-400s will line up later this year in Taipei's Chiang Kai Shek airport bearing the colours of the world's second-largest container shipping group, Evergreen. The jets will fly to a number of international destinations, but a domestic issue lies at the heart of the strategy: China.

During 1992, more than 1.5m Taiwanese visited China, via a third country. If prohibitions on direct transport were lifted, Eva Air's president, Mr Frank Hsu, estimates that the number of travellers to China could treble immediately.

The momentum of tourists and capital already flooding from the Republic of China back to its erstwhile Communist enemy is placing Taiwan's government under increasing pressure to relax these restrictions on direct links.

Economists provisionally estimate that the lifting of the prohibition on direct transport could add at least 1 percentage point to gross national product, from savings on trans-shipment of products via Hong Kong. But, it is gradually becoming apparent that the government is no longer prepared to budge.

The government's own game plan for relations with the People's Republic is unequivocally stated in its 1991 Guidelines for Unification. The current "short-term" phase, is one of "exchanges and reciprocity", as exemplified in "practical" bilateral discussions that took place in Singapore last month.

The two countries can progress into the phase of "mutual trust and co-operation" only if China renounces the use of violence to bring this "renegade province" back to the bosom of the motherland and if it recognises Taiwan as a separate political entity.

China has refused to give ground on any of these but it has already started putting pressure on Taiwan to recommence the "three links" - post, transport and commerce - which are clearly identified with the second phase.

Taiwanese President Lee Teng-hui in a press conference yesterday again emphasised the need for mutual trust and recognition before these links are put into effect.

With the build-up to the Singapore meeting - the first quasi-official talks to take place between the two sides since the Nationalists' defeat in 1949 - there had been a growing sense that this process could be accelerated.

The pro-business President Lee has recently consolidated his power-base through the appointment of an acolyte as premier, and brokers argued that he would be prepared to push towards direct links in order to attract support from the business community.

But the government has started to give the lie to this. Last week, the Securities and Exchange Commission was encouraged to put the brakes on listed companies' investment in China, prohibiting the raising of capital on the stock market for the purposes of funding projects in China.

In addition, a lobby of senior Taiwanese bankers were invited by Beijing to set up branches in the mainland, but this request was turned down by the Taiwanese government.

Mr Jason Hu, government spokesman, admitted that holding back on direct links was a political trump card, and China's insistence on direct links during the Singapore talks has made the value of this card even more apparent.

Mr Hu said the business

community would have to be patient. "Most business people understand that they gain nothing in these links, if they lose Taiwan," he argues.

But patience appears to be a rare commodity. As the flow of land and labour continues to escalate in affluent Taiwan, there has been a flood of investment capital through Hong Kong and into China.

Taiwan is now the single largest source of visitors to the British colony, because despite the inefficiencies of investing indirectly, China relocation has become an economic imperative.

More than \$7bn (\$4.5bn) has

been invested across the Taiwan Straits and the focus is beginning to progress beyond basic low-cost assembly plants, despite the continued aggressive stance of Beijing.

The Evergreen group is the most notable in preparing a massive transport network with which to cement direct links. Eva Air, which had its inaugural flight just two years ago, is buying 20 aircraft with options on a further eight.

Mr Hsu said: "We would be able to start direct flights within three months of an announcement. We have made some studies and would want to fly to Beijing, Shanghai, Xiamen and Guangzhou. We admitted that if the fare structure was attractive, Eva would take aircraft off international routes to help build up its China business."

Unigory, another Evergreen group company, has recently purchased five small container ships in anticipation of feeder services running from the coast of Fujian province down to Evergreen's container terminal in Kaoshiung.

Ironically Mr Y F Chang, Evergreen's founder and chairman, is an avowed supporter of the opposition Democratic Progressive party, which endorses Taiwanese independence - an event which many still believe would trigger a Chinese invasion. Evergreen's corporate strategy, however, suggests that for the chairman, business comes before politics.

The same may be true for the ruling Kuomintang (KMT) party, which is trying to control a flood of investment into China, whilst its own companies take a more conciliatory stance.

China Development Corporation, a listed company whose largest single shareholder is the Kuomintang, is currently negotiating a stake in a mainland-controlled satellite project, Apsara.

A government-linked joint venture with China in regional telecommunications and television transmission - an area fraught with political sensitivities - could hardly be said to put out the right signals to other local businesses.

The investment flows continue to build up, despite officials' threats to tighten restrictions. By 1997, links with Hong Kong - which then reverts to China - will, in effect, breach the prohibition on the "three direct", and Eva Air may have secured mainland routes by then. But in the meantime, the Kuomintang looks set to continue its lonely battle against excessive business links with the enemy.

## NEWS IN BRIEF

## Malaysian plan to set up new airline

MALAYSIA says it intends to create an airline to operate on domestic and international routes, writes Kieran Cooke in Kuala Lumpur.

Dr Mahathir Mohamad, prime minister, said the new airline was necessary because Malaysia Airlines (MAS), the country's national carrier, was expanding so fast that it had become "over-stretched". He said the new airline could be based on Pelangi Air, a small carrier which already operates on some domestic and regional routes.

The prime minister said the government would not take up a stake in the proposed new airline. "We want the private sector to do business. We regulate the business," said Dr Mahathir.

## Seoul seeks N Korea meeting

South Korea sought to open a channel of communication with an increasingly isolated and intransigent North Korea yesterday to defuse the row over nuclear inspections before a June deadline. Reuter reports from Seoul, Mr Hwang In-sung, South Korean prime minister, in a letter to Mr Kang Song-san, his northern counterpart, proposed a high-level meeting next week "for the sake of national well-being".

## Tokyo dismisses rate speculation

Market speculation that the Bank of Japan may be permitting gradual rises in yen short-term interest rates is erroneous, according to a senior central bank official. Reuter reports from Tokyo. "If the market believes the central bank is allowing the money rates to firm gradually, it is absolutely wrong," he told reporters after a slight rise in key money market rates.

## Arrests for Thai factory fire

Thai police issued arrest warrants for four executives of the toy factory that burned to the ground last week killing about 200 workers. Reuter reports from Bangkok.

Police said Mr Pichet Laokasem, Mr Churin Unhaphoum, Mr Chang Ming Kuang and Mr Chung Yuk Ming - charged with negligence and illegal modification of a building - faced up to 10 years in jail and a fine if found guilty.

## Hard line on Golan Heights

Only 17 per cent of Israelis would give up all or most of the Golan Heights in return for a peace agreement with Syria, according to an opinion poll published yesterday. Reuter reports from Jerusalem. The Smith Research Centre poll for Jerusalem Report magazine showed 62 per cent of 1,000 Jews surveyed opposed withdrawal from any part of the strategic plateau.

## Angola celebrates US recognition

Angola's formerly Marxist MPLA government yesterday celebrated its recognition on Wednesday by the US but Unita rebels said Washington's decision would complicate peace negotiations. Reuter reports from Luanda. Previous US administrations backed Unita during much of the country's 16-year civil war.



Shimon Peres, Israeli foreign minister, visits the Great Wall of China yesterday. The two countries established diplomatic relations in January 1992. Diplomats said Beijing promised Israel it would not sell missiles to Iran or Syria as it did not want to put obstacles in the way of Middle East peace. China sold Silkorm missiles to Iran during the 1980s, according to western military observers.

## Li Peng's illness a boost for rival

By Tony Walker in Beijing

CONFIRMATION yesterday that Mr Li Peng, the ailing Chinese premier, would remain out of view for the moment has fuelled speculation about not only his physical recovery but also his political well-being.

Mr Li's continued absence has boosted the stocks of his chief rival, Mr Zhu Rongji, the reformist vice-premier and former mayor of Shanghai. Mr Zhu this week is making a high-profile visit to Canada and to Latin America.

China's foreign ministry may have inadvertently encouraged talk about Mr Li's future when it told reporters that the premier would not be meeting visiting dignitaries, including Mr Shimon Peres, the Israeli foreign minister.

The 65-year-old Mr Li has not been seen in public since the last week of April. He was photographed playing tennis with Mr Goh Chok Tong, the visiting Singapore prime minister, on April 20.

On April 26, Chinese officials announced that Mr Li would not be able to keep an appointment with Philippine President Fidel Ramos because he was suffering from a "cold". He was also obliged to cancel a 12-day visit to Central Asia.

One month later, no photographs have appeared of a recuperating Mr Li, nor has the Chinese press revealed that his condition required hospital-

isation. In light of persistent reports that Mr Li is suffering heart problems, Chinese officials have long since given up trying to pretend that he has been laid low by the flu.

Mr Li's lingering health problems have now taken on a political dimension, in the view of Chinese and western observers. "You've got to see Zhu Rongji as the big winner in all this," said a long-serving Beijing diplomat. "It certainly raises questions about Li Peng's political future."

Li's had weathered so many political storms in the past that his survival skills were regarded as one of his assets, the official added.

"But this illness has put a dent in the perception

that he is indestructible."

Adding to Mr Li's political difficulties may be the fact that he is not particularly popular in any case, and therefore his colleagues may be less inclined to indulge health problems. Speculation that his "illness" may indeed be political and not physical has also been revived, although evidence suggests otherwise.

Mr Li was "re-elected" to a second five-year term as premier at the recent National People's Congress, but an unprecedented 10 per cent of the more than 2,000 delegates either voted against him or abstained. Mr Li, who is associated with leadership hardliners, is blamed by many Chinese for the bloody crack-

down on the Tiananmen democracy demonstrators in June 1989.

Mr Li's continued absence has reinforced perceptions that Mr Zhu, also 65, who was confirmed as senior vice premier at the NPC, is the "strong man" in the government in any case. Added to responsibilities for the day-to-day work of the administration have been the "high profile" meeting and greeting functions normally reserved for the premier.

Western officials who have seen Mr Zhu in action recently say that he has carried off his additional duties with conspicuous self-confidence. His performance at a meeting in Shanghai earlier this month at a meeting of former world leaders has been singled out for praise.

Western officials say that it is somewhat ironic that attention has been focusing on the health of Mr Li, who is a mere strapping by the normal standards of China's geriatric leadership. He is 23 years younger than paramount leader, Mr Deng Xiaoping.

Mr Jiang Zemin, China's Communist party boss, president, and chief of its Military Commission, may have also had his stocks boosted by the continued absence of Mr Li. An apparently vigorous Mr Jiang, 66, has also been much in evidence, receiving a whole range of visitors, including Mr Pierre Cardin, the fashion designer.



Li Peng: survival skills brought into doubt



Zhu Rongji: seen as strong man of the government

# IMF watches as Kyrgyzstan fights the battle of the som

John Lloyd in Bishkek on a remarkable currency experiment in the post-Soviet world

A REMARKABLE experiment is taking place in Kyrgyzstan, the poorest of the former Soviet republics. It has introduced a new currency with strong support from the west. On its success depends the future of the state itself, the viability of new currencies in the post-Soviet world and the reputation of the multilateral financial institutions.

Kyrgyzstan is a small, landlocked state on the Chinese border. It has an ethnically divided population - the Kyrgyz are a bare majority with a 25 per cent Russian-speaking minority which dominates production and forms the majority in the capital Bishkek.

The industrial sector of Kyrgyzstan is like that of all ex-Soviet states, but more so. The Frunze agricultural machinery plant made one type of machinery for the former Soviet trading bloc which is no longer in demand and for which it usually cannot get steel anyway. A sugar refinery got its raw material from Cuba, hauled across central

Asia from the Black Sea. Both have all but stopped production.

This is a grim position in which to find oneself "independent" - especially since its years as a Soviet state have left what Kyrgyzstan's foremost economist, Mr Tural Kichuyev, calls a "psychology of dependence".

But in introducing the som ("cat-fish" in Russian) in place of the rouble, it blazes a trail for the other members of the Commonwealth of Independent States - only one of which, Ukraine, has introduced its own currency, and that without an accompanying programme approved by the International Monetary Fund.

The effects of the introduction of the som have so far been both dramatically good and disturbingly bad. Its first trading session took place on Monday in the street outside the National Bank, where some \$2m was exchanged for som issued

the week before. It held its introductory rate of 4 to the dollar, while on the black market the official rate of Rb150 to a som doubled to around Rb300. A government decree that, after a five-day transition period, the rouble may no longer be used seems to have been obeyed.

But it has caused an inflamed reaction in neighbouring Uzbekistan. The border between the two states has been closed, money transfers and trading of any kind stopped and gas supplies shut off. Uzbek President Islam Karimov, no friend of the pro-western leaders of Kyrgyzstan, accused the Kyrgyz of plotting to flood his republic with unwanted roubles. His action threatens to strain further the bad relations between the Kyrgyz and the ethnic Uzbeks who live in the border areas of Kyrgyzstan.

The currency's introduction was badly executed and badly advertised; the result has been that only

Rb57bn to Rb10bn of the estimated stock of Rb30bn in the country were exchanged for som in the five days. Residents of Bishkek grumble about the bright new currency - accusing the government of raising prices under its cover, and fearing that the government had given them a quite unconvertible currency.

The som is a test case in two ways. First, it poses a colossal challenge to the leadership of Kyrgyzstan: a leadership which, under the presidency of Mr Askar Akayev, the premiership of Mr Tursumbek Chyngyshev, attempts to chart a pro-market course.

Mr Chyngyshev says: "We believe we had no choice but to introduce the som: it allows us to escape from the inflation of the rouble and to create our own economy."

The chance is there, but the task is difficult. Mr Kichuyev says that "we can look forward to a really

desperate struggle for survival. The measure was necessary - and maybe the struggle will root out the psychology of dependence and create in us a sense of responsibility for our own fate."

The second test is of the IMF and, to a lesser extent, the other multilateral financial agencies. The IMF, some six months ago, switched its policy advice dramatically, having previously advised the former Soviet states to stay in the rouble zone, it concluded - after observing the actions of the central bank of Russia in supporting enterprises with a flood of credit - that the only way ex-Soviet states could fight inflation was to take control of their own currencies.

Says Mr Harry Trines, the resident man from the IMF: "It became clear that in the present circumstances no one could reduce infla-

tion while remaining tied to the rouble. And thus the IMF executive board decided that if the (ex-Soviet) countries wanted their own programmes with the IMF they must have their own currency."

This was a momentous decision. It meant that the IMF, and through it the richer countries of the world who provide aid to the former Soviet Union, were implicitly offering to support the new currencies if the state could commit itself to an IMF programme with its familiar features of monetary stability, budget stringency and rapid privatisation.

Kyrgyzstan, uniquely - outside the Baltic states which are not part of the CIS - has done so, earlier this month signing on to a tough programme and receiving \$23m as a first tranche of an \$86m package of support. These funds form the reserves with which the National Bank has supported the currency.

In all, Kyrgyzstan should receive \$400m in loans, including a Rb57bn (about \$100m) from Russia which is promised but the delivery of which must be in some doubt. The World Bank and the Japanese government are to put in about \$110m in budget support - in the form of goods which will be sold in Kyrgyzstan, the proceeds going to the government to finance its budget, thus keeping credit emission within the tight parameters set by the IMF.

For the foreign experts now in Bishkek, the future seems clear enough: a programme (barely begun) which pushes enterprises into the private sector - though there are signs that the state now favours worker-ownership, a route with which the Fund would be unhappy.

Besides that, trading on its few assets - wool, fruit and vegetables, hydro-electric power for which China might provide a market, extraordinary natural beauty, minerals including gold; and a relatively well-educated population.

## Government faces Tory unease on spending cuts

By Alison Smith

THE GOVERNMENT faced growing unease from its own supporters yesterday as it became increasingly clear that the scale of spending cuts under consideration could lead to significant inroads into the welfare state.

Among controversial moves being considered in the spending review now under way are cuts in the number of university places, a reduction in university tuition fees and restricting the availability of benefits which are not protected by election pledges.

A change to the existing system under which university tuition fees are automatically paid by the government would make a serious impact on the pockets of middle-class parents. Typical tuition fees would be in excess of £2,000 per year for arts subjects, and much more than this for scientists.

Invalidity benefit, sickness benefit and housing benefit are among those which could be curtailed under the review.

The threat of a backlash from Tory backbenchers already worried by the government's recent spectacular political defeats will depend on how far the spending cuts affect key groups of Conservative supporters among the middle classes and pensioners.

Mr John Major yesterday confirmed that existing welfare state was being targeted in the review but promised that the government would honour its manifesto commitments, and that the "most vulnerable" people would be protected.

Anxiety, meanwhile, among Tory MPs was reinforced by Mr Michael Portillo, the Treasury chief secretary, who said that prescription charges were "only one of 100 different things to look at".

Mr John Smith, the opposition Labour party leader, said he could not imagine "a more gross betrayal" of the Tories' election commitments than cutting free prescriptions.

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## Jobless fall boosts hopes of upturn

By Emma Tucker and Ivor Owen and James Bütz

AN UNEXPECTED drop in unemployment combined with a marked deceleration in wage inflation yesterday revived hopes that the UK economy was on the path of non-inflationary recovery.

The news prompted a strong rise in sterling which closed 1% of a penny up on the day at DM2.5100, a four month high. The monthly fall in unemployment - the third in a row - helped to offset doubts about recovery that arose earlier this week when official figures showed falls in retail sales and manufacturing output.

The number of people out of work and claiming benefit shrank by 1,400 last month to 2,339,600 or 10.5 per cent of the workforce. The drop followed falls of 25,500 and 25,800 in February and March respectively and took the unemployment total to its lowest level for five months.

Optimism about the UK's economic prospects were boosted further by news that average earnings growth were at a 25-year low in March.

However, a 45,000 rise in the number of people out of work for more than a year in the first quarter, acted as a reminder of the economy's fragility. At 1.07m, long-term

unemployment is now 234,000 higher than it was in the first quarter a year ago.

The latest official figures from the Department of Employment did little to end the confusion over the trend in unemployment. Some City economists said a strong rise in manufacturing employment for the third consecutive month meant that the drop in unemployment was more than just a statistical artefact.

But Mr Frank Dobson, the Labour party's employment spokesman, reiterated his accusation that the figures had been "fiddled". He said the government had restricted eligibility for claiming unemployment

benefit, excluding young people, older men and married women with part-time jobs.

Mrs Gillian Shephard, employment secretary, backed by officials from the Employment Service, said the accusation was "fabricated" and maintained that her department had used the same method of calculating the number of unemployed since 1981.

Mr John Major, the prime minister, while acknowledging that the total was too high, said: "We now have the right conditions which I hope will lead to a sustained fall in unemployment."

Manufacturing employment rose by 5,000 in March the

third consecutive monthly rise, following revisions to the January and February figures.

The government was particularly heartened by the fall in average earnings. Over the past 30 years, earnings growth has only been lower during one brief period in 1967, when an incomes policy was in place.

Low wage growth and continued productivity gains meant that manufacturing unit labour costs fell by 2.9 per cent year-on-year in the three months to March. This was the sharpest fall in unit labour costs since 1964.

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Emma Tucker asks whether official figures may have been massaged to cut the total

## Government accused of pulling fast one on jobs

FOR three consecutive months the official count of unemployment in the UK has dropped. The trouble is, no-one really believes the figures.

Even the government reacted with caution to the jobless falls in February and March and officials admitted being perplexed by the sudden change in the trend.

Yesterday's fall in the jobs total - confounding expectations of a small increase - has reinforced claims that the figures for February and March were "fiddled".

The Unemployment Unit, a research organisation, claims that in order to meet performance targets for job placements, the Employment Service (ES) made an exceptional effort towards the end of the financial year to shift people off the official count.

The ES has been operating below performance targets for several years. In the last financial year, in the face of a very weak jobs market, it was asked to place 1.42m people from the unemployed register into jobs (compared with a target of 1.53m in 1991/92), and to reject more than 50,000 applications for benefit - roughly 10 per cent of all applicants.

According to Mr Peter War-

burton, economist at Flemmings Research: "It appears that the Department of Employment found itself well short of its targets at the end of December and was forced to make a special effort in the final quarter to catch up."

Thus potential entrants to the register faced a stiffer test

The unadjusted count of people out of work and claiming benefit yesterday increased by 3,786 to push the figure back over the 3m mark. The new total of 3,006,511 represents 10.7 per cent of the workforce. The seasonally adjusted rate of unemployment was unchanged at 10.5 per cent.

More people joined the dole queues in April, but the monthly unadjusted inflow of 364,800 was 1,600 fewer than a year ago.

and existing claimants of state benefits were given priority in job placement over other job seekers.

The Department of Employment says it has found no evidence of a sudden switch of activity at Job Centres, the network of government offices which advertise vacancies.

Changes made to the claimant count register over the past decade have, however,

made it much easier to shift people off the unemployment register. The opposition Labour party has pointed out that there has been a big increase in the numbers on sickness and invalidity benefit since the mid-1980s.

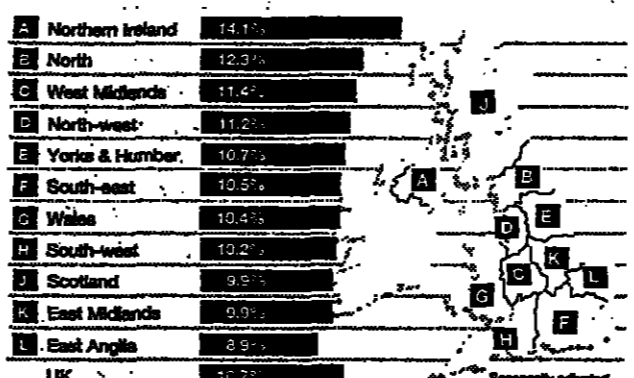
In Parliament this month the government said that while unemployment fell a seasonally adjusted 51,500 in February and March, the numbers on sickness benefit increased by 13,000, and on invalidity benefit by 28,000.

Mr Frank Dobson, Labour's employment spokesman, has produced letters from people saying that although not ill, they have been encouraged by the employment department to sign on for sickness benefit on the grounds that they will get benefit more quickly.

"We have also received letters saying that job centres are reserving large numbers of vacancies for those who are registered unemployed," he says. "This means groups such as married women who may be unemployed but aren't counted in the figures are stopped from applying for jobs."

Some economists have argued that the falls in unemployment simply reflect a pick-up in economic activity. Instead of lagging the recov-

### UK unemployment: April 1993



ery, the efficiency of the labour market means it reacts more swiftly to changes in the domestic economy.

Few are happy with this view, not least because there is evidence to suggest that far from falling in February and March, unemployment rose.

The evidence includes:

- no significant change in the stock of unfilled vacancies;
- continued falls in manufacturing employment;
- continued falls in average weekly hours worked, albeit marginal;
- industrial sector predictions - the Engineering Employers' Federation has forecast that a further 99,000 jobs will be lost in the engineering sector this year while the construction industry expects a further 50,000 job losses;
- no pick-up in overtime;
- and because it is unusual

for unemployment to start falling so early in a recovery.

Mr Paul Gregg, of the National Institute for Economic and Social Research, says there can be little doubt that there is "a bit of reclassification going on".

The system is capable of putting more pressure on people to seek work, and unemployment claimants are more successful in getting the few jobs that are going.

Little can be done to check the validity of the official figures until June, when the first quarter labour force survey - which asks people whether they have looked for a job at any time during the past four weeks - is published.

The survey, which will show whether jobless people have been pushed off the unemployment register, will expose any massaging of the figures.

## Britain in brief



### Major denies obligation to rejoin ERM

Mr John Major, the prime minister, told the House of Commons there was nothing in the Maastricht treaty obliging Britain to rejoin the European exchange rate mechanism.

He rejected a suggestion by Tory MP Sir Peter Tapsell, a prominent opponent of the treaty, that at an earlier stage he had been advised that the provision entitling Britain to opt out from monetary union did not extend to the exchange rate mechanism.

The prime minister said the treaty made it clear that the British government retained responsibility for monetary policy in stages two and three of economic and monetary union so long as it did not participate in a single monetary policy.

### Call for SIB to oversee banks

Responsibility for bank regulation should be taken away from the Bank of England and could eventually be given to the Securities and Investments Board, the opposition Labour party said.

Mr Alistair Darling, the party's City spokesman, said the SIB should have overall responsibility for financial services regulation and should be given enforcement powers. But he said he was not advocating the "importation" of the US Securities and Exchange Commission. "We need a solution designed for the UK."

### EC downturn 'dents' exports

Order books are continuing to fill gradually but exports are being dented by sharp economic slowdown in Europe and especially Germany, members of the Confederation of

British industry in northern England reported. The CBI's regional council, meeting in Sheffield, said UK domestic markets were still fragile for many companies but an upward trend in demand was emerging.

### Pay deal for shipbuilders

Vesper Thorneycroft, the shipbuilders, announced it had reached a two year 7 per cent pay agreement with its 2,000 strong workforce. This involves a 3 per cent basic wage increase this year with a further 4 per cent in 1994.

But the pay rise was conditional on the workforce accepting the introduction of a compulsory three shift system of working and the introduction of individual worker certification of quality levels in production.

### Hackers broke into Warburgs

Computer hackers broke into an international computer network belonging to SG Warburg, the investment bank, a London court has been told.

Mr Neil Woods and Mr Karl Strickland broke into one system operated by Warburgs and, gaining full system manager status, had access to the bank's computers around the world, Mr James Richardson, prosecuting, told the court.

Mr Woods, of Greater Manchester and Strickland, from Liverpool, had pleaded guilty at an earlier hearing to conspiring to obtain telegraphic services dishonestly, and engaging in the unauthorised publication of computer information. The two men are expected to be sentenced today.

### German artist fetches £2.3m

A painting by the greatest German romantic artist of the early 19th century, Caspar David Friedrich, sold for £2.3m at Christie's in London yesterday to the J. Paul Getty Museum of Malibu, California. The price, at the low end of the estimate, was a record for Friedrich. It is the first 19th century German painting to be acquired by the Getty.

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## NEWS: UK

Belfast rocked by terrorist explosion as counting starts in local polls

## Bomb overshadows elections

By Tim Cooney in Dublin and  
Ralph Atkins in London

THE CENTRE of Belfast, the largest city in northern Ireland, was rocked by a 1,000lb bomb yesterday, badly damaging the headquarters of the Ulster Unionist Party, and injuring 20 people just as counting started following local elections on Wednesday.

The bomb detonated as the army attempted to disarm the device by two controlled explosions.

Terrorists, believed to belong to the Irish Republican Army, planted the bomb in spite of an intensive security cordon which has been thrown around the city centre during the past week.

Security was heightened in the lead-up to the elections, in which candidates contested 582 council seats in 26 district councils around the province.

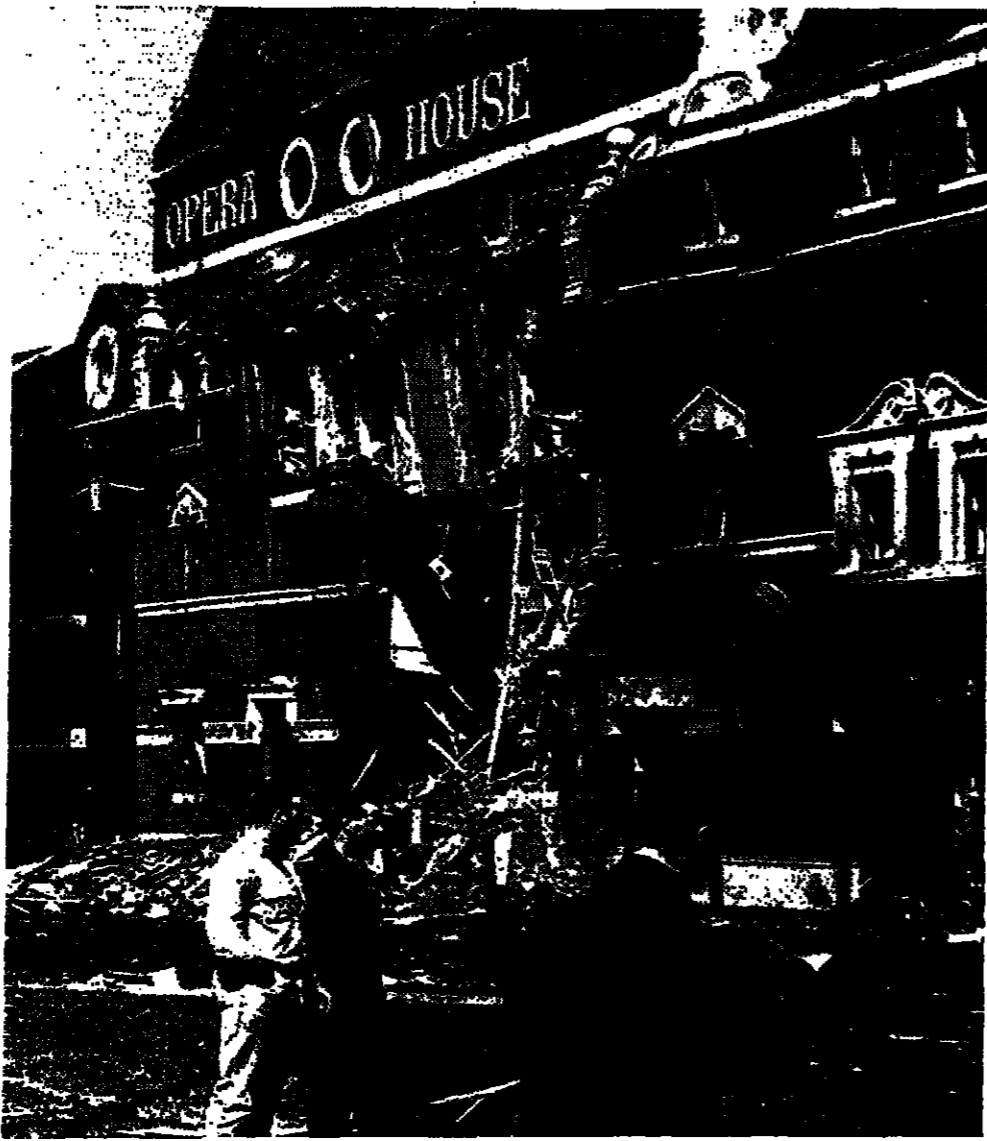
Mr Jim Wilson, the general secretary of the pro-British UUP said: "The IRA have identified their real enemy, the Ulster Unionist people of the province. They obviously know they didn't write us off at the ballot box and they won't do it with a bomb either."

Mr Joe Hendron, MP for the nationalist area of West Belfast, described the attack as "a dastardly act".

The bomb overshadowed counting in the local elections, in which the final results are expected to emerge later today. Early returns however suggest that the UUP vote has slipped from 31 to 30 per cent, while the vote for the hardline unionist party the DUP, and for Sinn Féin, has strengthened in the urban centres of Belfast and Londonderry.

If this early trend is confirmed by the final result, it will disappoint to Sir Patrick Mayhew, the Northern Ireland Secretary, who hoped that votes for the UUP and the SDLP, the more moderate parties on either side of the sectarian divide, would help his efforts to renew the inter-party talks on the province's political future. The talks were abandoned without agreement last November.

Sir Patrick is due to meet the leaders of Northern Ireland's main political parties, once the



A policeman surveys the damage outside the opera house yesterday in central Belfast

local elections are out of the way.

Two Anglo-Irish conference meetings, however, are expected before any round table talks begin - suggesting a resumption of negotiations that ended in November is at least another month away.

There is also seems to be only lukewarm support among local political leaders. Mr James Molyneux, leader of the Ulster Unionists, yesterday said low-key talks on local issues such as job creation were more productive than "phony circus talks".

## Businessman claims Nadir masterminded own escape

By Gillian Tett

THE BRITISH businessman who helped Mr Asil Nadir, the former chairman of Polly Peck International, fly secretly out of the UK, yesterday said the Turkish-Cypriot fugitive masterminded the escape plan himself.

Speaking from northern Cyprus, Mr Peter Dimond, a former aircraft dealer, who orchestrated the first part of Mr Nadir's escape, said Mr Nadir "organised it himself. He didn't need any one else".

Detectives from the Serious Fraud Office had previously indicated that they were seeking another individual said to planned Mr Nadir's route to northern Cyprus from the UK, where he faces charges connected to the collapse of Polly Peck.

Speaking for the first time since Mr Nadir fled the UK, Mr Dimond said new EC regulations, which do not require passport checks at the airfields, had made it extremely

easy to organise the flight, which had involved two aircraft, and six airfields.

According to Mr Dimond, his role in the escape had been in booking the twin-engine Piper Seneca plane which flew Mr Nadir from Compton Abbas airfield in south west England to Beauvais in France, where he was by a Citation jet. Mr Dimond and Mr Nadir flew on by jet from France to northern Cyprus.

Mr Dimond - who claims to be a long-time friend of Mr Clive Hughes, owner of Compton Abbas airfield - said he persuaded Mr Hughes to fly himself and Mr Nadir, whom he introduced as an "aviation friend", to France.

Mr Hughes yesterday insisted he had been unaware of Mr Nadir's identity. Mr Clive Velland-Boddy - owner of the Piper aircraft, registration number GBSFG - yesterday said he had not known who was using the aircraft.

According to Mr Dimond, his

connection with Mr Nadir was through his wife, Mrs Hope Dimond, who had met Mr Nadir when she studied in Switzerland in the 1970s.

Speaking from the family home in Hampshire yesterday, Mrs Dimond said: "It was basically a social connection - we were friendly with his family. We had no business connection with Mr Nadir or Polly Peck at all."

Mr Dimond said he decided to help Mr Nadir out of frustration with the way that the Serious Fraud Office had been handling the case.

"There was no payment for me. It was a simple act of friendship," he said.

Mr Dimond yesterday said that he had no intention of returning to England in the near future.

A former car dealer, Mr Dimond had previously run an aircraft dealing business, which collapsed at the end of 1980's, leaving him, he admitted, facing financial difficulties.

## UK Banks 'unlikely' to meet demand for loans

By Robert Peston,  
Banking Editor

UK banks are unlikely to be able to meet any significant increase in demand for loans over the coming few years, IBCA, Europe's leading credit rating agency, warned yesterday.

A report by IBCA on the seven biggest UK banks warns of "a limited form of 'credit crunch'" when the UK economy starts to grow, unless banks' profitability rises significantly above what most have achieved since 1985.

The report says banks need to earn annual post tax profits equal to 12 per cent of equity if they are to make normal dividend payments and increase their assets, mostly loans, by 2 per cent a year after adjusting for inflation. A 2 per cent growth rate would be low by recent standards.

The seven leading UK banks have earned only a 7 per cent annual return on equity over the past seven years. Only Lloyds and Bank of Scotland have consistently earned more than 12 per cent in the period.

Banks would either have to continue to cut operating costs or push up what they charge for loans and other services to meet any significant increase in demand for loans without putting their balance sheets under excessive strain.

IBCA describes as a "myth" the widespread view that UK banks are well capitalised. "The capital position of the UK banks has deteriorated over the past seven years and, although the UK banks are still more strongly capitalised than the French or Japanese, they do not at the moment match the position of American or Swiss banks".

## Exports boost car output

By Kevin Done,  
Motor Industry Correspondent

UK CAR production rose by 4 per cent in April, helped by higher output for export markets, but production of commercial vehicles fell heavily for the third month in succession.

Car production increased to 113,286 from 108,902 in the same month a year ago according to statistics released by the Society of Motor Manufacturers and Traders and the Central Statistical Office.

Car output in the first four months at 477,796 was 5.7 per cent higher than in the corresponding period a year

ago. Production has been boosted by higher output for export markets despite the steep fall in new car sales in continental Europe.

UK production is rising as a result of the build-up of output by Nissan, Honda and Toyota, the three Japanese carmakers that have all located their first European plants in the UK.

Nissan is still planning to raise production at its Sunderland plant by 51 per cent this year to 370,000 from 179,000 in 1992, despite falling sales of its UK-built Primera family car.

Honda, which began output at its Swindon plant last October, is due to produce 32,000

cars this year, while output at Toyota's Burnaston plant near Derby is expected to total 36,000 in 1993.

Car output for export markets in April was 11.9 per cent higher than a year ago, while export production in the first four months increased by 8.2 per cent year on year.

Production of commercial vehicles in April plunged by 33.5 per cent year on year to 14,988, while output in the first four months at 74,188 was 17 per cent lower than in the corresponding period a year ago.

Production has been hit by the collapse into receivership of Leyland Daf in February.

## Hurd rejects fears of EC superstate

By David Owen

MAASTRICHT is not a blueprint for a European superstate, Mr Douglas Hurd told MPs yesterday as he implemented the treaty moved towards its final reading in the House of Commons.

The foreign secretary warned passionately of the dangers of eroding European competitiveness and to set out his vision of the Community's future.

He assured Euro-sceptics that their fears of a "lurch" towards a superstate were "misguided".

He concluded with a clarion call to MPs to "find again" the decisive will to act together in

the "great matters" where there was a common European interest.

Mr Hurd devoted a large slice of his speech to concerns that the costs the social chapter imposed on employers could have serious consequences for European competitiveness.

"More and more people" were concerned about the high labour costs European companies were "having to shoulder" compared with their international competitors.

The social chapter could "place in jeopardy many of the achievements of the last 14 years in freeing our labour market from restrictions which

destroy jobs."

His views were rebutted by Mr Jack Cunningham, Labour's foreign spokesman, who said the government's decision to exclude the social chapter was "fundamentally unacceptable".

Referring to the manoeuvring that had forced the government to remove the protocol containing Britain's social chapter opt-out, he said Labour had secured a "valuable legal situation" that may yet allow British workers to use the European Court to gain access to the chapter's benefits.

Turning to the future, Mr Hurd referred to a need to build a more decentralised and

diverse community in Europe that was both outward looking and "free trading".

The European Commission in Brussels should be made more accountable and the role of the national parliaments should be built up, he added. "We are no longer heading for a community in which diversity will be smothered or smugled away."

Both Hurd and Cunningham described the treaty as "not perfect." But if Britain rejected it when ratification was completed or in sight in the 11 other member states, "our ability to promote and defend British interests would be diminished."

Why should I travel  
through the airport  
travelling through the



You've packed every chart  
and document in your briefcase.  
You've fought the battle of the  
motorway and won (eventually).  
Now you're faced with the airport.

For some reason there seem to  
be an awful lot of people who want  
to do exactly what you want to do.  
At exactly the same time.

And the ones who don't, want to  
go in the totally opposite direction.

What you're wishing for is a  
sort of personal conveyor belt which  
could whisk you straight through to  
the comfort of your Club World

cabin. Funny that  
both Heathrow  
almost exactly what

We've brought  
A separate channel

the business travel  
through airport

So that be  
Duty Free, you're

relaxing atmosphere

Or if you're a

Lounge Pavilion

the First Class, Club

Club and Club

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# Sir Bernard Ashley's flowery farewell

Sir Bernard Ashley yesterday stepped down as chairman of Laura Ashley, the international clothing and home furnishings group, 40 years after the business was founded by his wife. His departure marks an end of an era for the company, and the symbolic completion of its transition from family-owned business to public company.

Sir Bernard was also reported to have sold about a quarter of the Ashley family's 49 per cent shareholding in the company yesterday. He had previously said he planned progressively to reduce the stake to about 25 per cent.

Although some other members of the Ashley family are involved in PR activities, none of them has an active role in running the company, which will now be headed by Jim Maxmin, the American chief executive, and Hugh Blakeway Webb, who moves up from deputy chairman to chairman.



Sir Bernard's departure was not unexpected, after the company admitted last month that he had not attended a board meeting since last May, and was devoting increasing amounts of time to his hotel interests in Wales and the US.

Laura Ashley said yesterday Sir Bernard had intended to retire for some time, and decided the 40th anniversary year was an appropriate time to do so, especially now the company seemed to be staging a recovery after several years of losses. He will become honorary life president and remain a non-executive director, as well as being involved in "conceptual design".

Hugh Blakeway Webb, a former barrister and partner of accountants Deloitte Haskins & Sells joined the company as deputy chairman in 1991 and has frequently represented Sir Bernard at board meetings. He has been an adviser to the family for some years and was involved in the 1985 floatation. He also helped negotiate the minority investment by the Asca group, setting the company back on a firm financial footing, and was involved in assembling the present management team.

# Linx to listen carefully

Linx Printing Technologies, the manufacturer of continuous ink jet printing equipment that issued a profits warning on Tuesday, has parted company with its sales and marketing director, John Sheard.

The parting was "amicable" according to Linx chief executive, Derek Harris, but follows recognition that the group's sales strategy had gone astray in Europe.

Replacing Sheard is John Cetti, who has spent eight years building from scratch the European ink jet business of Videojet, a company based in the US but controlled by GEC of the UK.

Videojet appears to have been among the companies taking market share from Linx and the other UK-quoted ink jet printer maker, Domino Printing Sciences - which six weeks ago also issued a profits warning.

While Linx and Domino may have run into trouble meeting their plans, they will both be aware of another UK competitor, Willett, a private Northampton company with sales of £50m, says sales of its wider range of products including ink jet printers are still growing in Europe, possibly as a result of selling through subsidiaries rather than through foreign distributors.

Harris said Cetti's arrival is the first stage of a reorganisation in Europe that has yet to take a firm shape. "We have to listen carefully to what John says now," he says.

Cetti will have responsibility for Linx worldwide sales and marketing operations.

# Non-executives

■ What type of Guinness are you - draught or overdraught? British Nuclear Fuels' chairman John Guinness, 57, is used to being asked the question and is rather proud of the fact that he has reassured his ties with the overdraught side of the family by becoming a non-executive director of Guinness Mahon, the city merchant bank founded by Robert Russell Guinness.

His father and grandfather were partners in the bank and his elder brother, Sir Howard, spent a couple of years there before joining S G Warburg. However, John Guinness is not the family's sole representative in the bank now owned by Japan's Bank of Yokohama.

Tim Guinness, 45, joint managing director of Guinness Flight Asset Management, has kept the family name alive, but he's a descendant of the brewing side.

■ Lord Parkinson, 61, the former Conservative minister of transport, is taking over as chairman of Starmin, the quarry products group in which the Abdullah brothers, Raschid and Osman, have a substantial interest.

Starmin, which has a market capitalisation of £16.8m and has just reported an after-tax



loss of £8.5m for 1992 after heavy asset write downs, has been hard hit by the recession. However, its balance sheet is stronger than many of its smaller rivals and it is understood that Lord Parkinson is keen to take advantage of expansion opportunities.

Lord Parkinson, a former non-executive director of Tarmac, joined Starmin just over a year ago as deputy chairman. He will take over from the current chairman Owen Rout, a former senior executive with Barclays Bank. Rout, 63, who has been chairman for three years, will remain on the board as non-executive deputy chairman.

■ Pete Kerlet at DC COOK HOLDINGS.

■ Anthony Simonds-Gooding, a former group md of Whitbread who lost his job as chief executive of British Satellite Broadcasting when it merged with Sky, at ROBINSON & SONS, a private healthcare and packaging company based in Chesterfield.

■ Donald Carmichael, chairman and senior partner of Tyser and Co, as chairman at NHC (Aviation), in place of Alfred Kingsnorth who becomes deputy chairman and chief executive.

■ Ray Way as chairman at HAMPSHIRE INDUSTRIES on the retirement of John Wardle.

■ Joe Palmer, former group chief executive of Legal & General, as chairman of SPRINGMAN TIPPER CAMPBELL.

■ Roger Rowland has retired from LAMBERT HOWARTH.

■ David Legg has retired from LEX SERVICE.

■ Philip Martin has retired from HAEMOCCELL.

■ Eric de Bellaigue, recently retired from Pamure Gordon, at The QUARTO Group.

■ Rhys Williams, chairman of the council of the University of Warwick, a founder council.

■ John Salkeld, chairman of Southern Newspapers, as chairman at KYNOC GROUP, member of the Engineering Training Authority and a former director of GEC, at TRANSFER TECHNOLOGY GROUP.

# CONSTRUCTION CONTRACTS

## Servicing Public Record Office at Kew the oil industry

EDMUND NUTTALL has won a £4m contract from Peterhead Bay Authority to construct a new jetty and breakwater in Peterhead Harbour, Grampian region of Scotland. The jetty is to provide berthing facilities for North Sea service vessels, while the breakwater will give protection to a future marina development planned for the harbour area.

The main works involve the construction of a reinforced concrete jetty 170 metres long and 23 metres wide, supported on tubular steel piles. The breakwater will consist of a 250-metre long layered rubble mound.

Associated works include dredging and rock removal, the placement of graded fill over the existing foreshore and sea bed to reclaim a 180 x 40 metre storage area and a marine base area. Sheet piling, electrical and drainage provisions will also be undertaken.

The location of the works is to the west end of the ASCO (Aberdeen Service Company) south base berths within Peterhead Bay harbour.



A contract worth in the order of £10m has been awarded to HOW ENGINEERING SERVICES by the Property Service Agency for the new Public Record Office (pictured) at Kew Gardens.

Kew is already the largest repository for the national archives of the government and this new Public Record Office which is to be constructed predominantly as an

additional repository facility also includes offices, document conservation and other sundry areas.

A new link with the existing building is also to be constructed together with the refurbishment of part of the original building which will remain in occupation by staff and public.

The sophisticated and integrated mechanical and electrical

services incorporate addressable fire alarm systems with specialised smoke detection and low velocity air-conditioning system with building management to protect and serve the specialist requirements of the new repository.

In addition to the traditional M & E services How Engineering Services will be providing lighting protection, security and voice alarm systems.

## Office development in Marylebone

**Cambodian study**

Engineering consultant HALCROW has won its first ever project in Cambodia. With UNDP assistance, the Mekong Secretariat is financing an irrigation rehabilitation study, worth US\$530,000 (£240,000), for selected projects in different parts of the country.

Against international competition, Halcrow has been selected to undertake the 12-month study in association with Madecor Consultants of Philippines - and will have a team based in Phnom Penh.

IMS International, a division of the Dun & Bradstreet Corporation, has chosen TILBURY DOUGLAS as its preferred contractor to complete a new corporate office in Marylebone, under a £14m design and build contract.

The nine-storey development at 1-9 Harewood Avenue will provide the client with 85,000 sq ft of office facility, 15 residential units and space for

basement car parking. The construction works pose a number of challenges that will require innovative solutions by Tilbury Douglas. The building is already partly constructed.

The first task of Tilbury Douglas's design and build team will be to evaluate the condition of the existing building structure, fabric and services.

Access will be restricted as the site of the inner city development is bounded by adjoining properties on two sides. The offices will incorporate a high content of mechanical and electrical services.

The contract includes all internal fittings and fitting out of the office and reception areas and will be administered on behalf of IMS International by Monk Dunstone Associates.

## £30m orders won by Taylor Woodrow

**Football stadium**

EC HARRIS reports that the £2.1m improvement of Coventry City Football Club's Highfield Road Stadium has started on site. EC Harris is acting as employer's agent.

The FA Premier League club is bringing its ground up to the standards of the 1990 Taylor Report on stadium safety.

The design-and-build contract, due for completion in July 1994, involves building an east and corner in-fill stand, and re-roofing the north stand.

Three new contracts won by TAYLOR WOODROW companies for facilities management and general construction work, in the defence industry bring the total value of current projects by the group in this sector to nearly £30m.

One of the latest is a £5m contract for works services management at three naval bases in the Plymouth area, won by Taylor Woodrow Management (TWM).

Another, worth £1.3m, was won by Taylor Woodrow Construction Southern (TWCS) for

refurbishment work at RAF Brize Norton. The third, for £2.2m of building work at RAF Northolt, was won by Myton, a subsidiary of the Taylor Woodrow group.

Work on TWM's three-year management contract is under way at the Royal Naval Engineering College at Manadon, HMS Raleigh training base, and the Royal Naval Gunners' School at HMS Cambridge.

TWM also has a three-year works services management contract worth £7m for two facilities in Portsmouth - the

Royal Naval Hospital, Haslar, and Fort Monckton.

The 18-month contract to refurbish the junior ranks mess at RAF Brize Norton near Witney in Oxfordshire, has begun. TWCS is also undertaking a similar refurbishment project at Castlemartin army training camp in Pembrokeshire, for completion this spring.

Myton's £2.2m contract to build a non-commissioned officers' mess at RAF Northolt in Middlesex is already under way.

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## MANAGEMENT

British companies are turning increasingly to mentoring, writes Lucy Kellaway

## Guiding lights

MENTORING IS A TWO-WAY THING, STURGE. I GIVE YOU THE BENEFIT OF MY VAST EXPERIENCE AND INTERPERSONAL SKILLS, AND YOU BUY THE DRINKS



RIVER BEND

When Ulysses put his son in the care of his old friend Mentor while he began his epic journey, little did he know what he was starting.

Some three thousand years later mentoring has become one of the most fashionable areas in management development. According to a recent survey by the Industrial Society, 40 per cent of British companies have a mentoring scheme, and a further 20 per cent are thinking about creating one. The subject has spawned its own jargon, specialist consultancies, conferences and even a society with a database dedicated to mentoring.

But the idea could scarcely be simpler. A mentor is someone with experience who offers help and knowledge to someone junior. The mentor is not the boss, nor is he or she trying to teach anything specific. They are there to guide, listen and advise.

There is nothing special about that: most people on the rise have had their own career confidants, just as most senior people have had a protégé or two. Mentoring, as conceived by the human resource experts makes the process formal and, by doing so, creates a fairer system, less subject to politics and back scratching.

Mentoring as a science became established in the US in the 1970s, when an article in the Harvard Business Review argued that being a mentor distinguished a leader from a mere manager. Other US research found that top executives who had had a mentor did better than those who had not.

In the 1980s mentoring caught on in the UK as a way of helping graduates settle down in big companies. Now there are mentors for managers at all levels, mentors for disadvantaged groups of employees and even mentors for mentors.

The idea accords well with the latest management thinking: people "own" their development and in flat organisations, where people are no longer being told what to do by their immediate superiors, they need others to guide and help them. Despite the popularity of mentoring schemes, not all have been successful. Many of the early US efforts went wrong because they were too formal and established so many rules for the behaviour of mentor and mentoree that the relationship was stifled. In the UK the problem has been the reverse. According to David Clutterbuck, director of the European Mentoring Centre, some companies simply said "You are a mentor. go away and mate", and then were surprised when their schemes collapsed.

At a recent conference on mentoring organised by the Industrial Society, Clutterbuck said the most com-

mon sources of problems occur when companies failed to:

- Prepare the mentors or mentorees properly
- Set clear goals for the scheme
- Set clear goals for each mentoring relationship
- Provide support networks for mentors and mentorees.

BT, the telecoms group, has addressed many of these issues and has established a large mentoring programme for its graduate engineers. The aim, says Adam Scott, an enthusiastic mentor and a director of BT, is to avoid the "rather muddled experience" he had when he qualified.

Scott, in common with every mentor, is someone who not only had the

necessary experience, but also had "interpersonal skills."

The loss of senior management time is the main cost of the scheme - Scott estimates the six annual meetings he holds with each mentoree cost about £1,000-£2,000. At the first meeting he sits with his mentoree at his Apple Mac computer and they agree the terms of their relationship, its confidentiality and the subjects to be discussed.

Scott, in common with other BT mentors has been trained in the art. So, too, have the mentorees and the line managers, who are left out of the relationship, but who need to understand and support what is happening. Every three months there are meetings for both sides to discuss shared concerns. Mentors

prepare regular reports on the process and there are support staff to solve problems. So far some 80 graduates have taken part and about 60 per cent have asked for the relationship to be continued once the formal two-year programme is over.

Although graduate schemes still predominate, there are an increasing number of mentoring programmes aimed at other well-defined groups of employees. At the Prudential, a mentoring programme has been designed for pregnant women, to make it easier for them to return to work afterwards. Mentors are chosen among women with similar experiences and who can help with the problems of juggling jobs and babies, offer advice on childcare and keep the mentorees in touch with the company during maternity leave. The Pru says the scheme has helped retain staff in whom much has been invested and has made those who return immediately effective in their jobs.

The Pru has had little trouble finding women prepared to be mentors, but the same is not the case for companies establishing schemes for senior people. Indeed, those which want mentors for their top executives frequently end up seeking outside help.

One company that provides such a mentoring service is the consultancy GHN, which says it has mentored senior managers from around 200 companies. "At the very top levels it is almost impossible to handle mentoring internally. There are so many hidden agendas," says Susan Block of GHN. She denies that it matters if the mentor is ignorant of the ins and outs of the particular company. Instead, they must be good at probing, listening and questioning and may also need to deliver painful home truths. Such home truths do not come cheap - a year's programme of tailor-made personal development costs between £5,000 and £10,000.

Not every senior person wanting a mentor has to hire a professional. As Oxford Regional Health Authority has found out, some mentors are prepared to offer their services for free, even if they do not work for the same organisation. The authority has set up a nine-week programme for 100 chief executives and top health managers, which includes a confidential mentoring scheme. Each manager is responsible for finding their own mentor, who could come from another region or an academic institution.

There are limits, though, as Gary Hoyte, who helped to set up the scheme, admits. "If everyone in the country needed a mentor, perhaps mentor overload would set in. There would be a backlash, with everyone resenting the amount of time they were spending. But we are a long way from that now."

Christopher Lorenz

## The Major problem with quiet leadership



VISIONARY, charismatic, inspirational, extrovert, relentlessly energetic and assertive, even autocratic and arrogant. That, in a clichéd nutshell, is most people's picture of the effective leader, whether in politics, the military, or business.

Consider a representative list of such leaders: Churchill, Kennedy, De Gaulle, Thatcher, Montgomery, MacArthur, Alfred Sloan, Jack Welch, Lee Iacocca, John Harvey Jones, Anita Roddick. But what about Dwight D. Eisenhower and Harry S. Truman? To quote the inimitable Peter Drucker, they were singularly effective yet "possessed no more charisma than a dead mackerel". Nor, in the usually accepted sense of the word (charisma, not mackerel), did Abraham Lincoln, Clement Attlee - Britain's first post-war prime minister - or Konrad Adenauer. In our day the same goes for such manifestly successful and "transformational" business leaders as Donald Petersen, ex-chairman of worldwide Ford, Geoffrey Whalen of British Petroleum, Sir Geoffrey Mulcahy of Kingfisher (UK Woolworths) and - arguably - Sir Christopher Hogg of Courtauld and Benteys.

All are shy and at best are average communicators on a public platform. Some are downright grey: the remarkably successful Mulcahy has been dubbed "Mogadon Man". Most are keen to listen and consult than to hold forth and believe strongly in team leadership.

Which brings us to the unfortunate and accident-prone John Major, Britain's nice prime minister. Over the past fortnight he has been vilified as never before - for possessing what appear, at first sight, to be similar characteristics and style of my second group of heroes.

How come the paradox? Does what works in business fall flat in politics? Or is Major a Petersen or Mulcahy in the making, if only his critics will get off his back? Sadly for Major, he is less simi-

lar to the second cast-list than his admirers might think. The most obvious contrast is with Hogg.

Hogg may be "ultra-cerebral and terribly reserved" as a UK academic puts it, and he certainly inclines to consensus rather than assertive leadership-from-the-front. Yet he conforms completely to a description of outstanding leaders given by Peter Senge, a US academic expert on the subject. Rather than conventional charisma, "what distinguishes them is the clarity and persuasiveness of their ideas, the depth of their commitment and their openness to continually learning more," says Senge. "They instil confidence in those around them."

To some extent, Whalen and Mulcahy also fit this picture. They may be retiring, but at the same time their manifest drive and sense of strategic direction - even

**In business and politics, leaders who want staying power must tailor their style to changing situations**

if not quite a vision in the usual sense - create a sort of charisma, at least among close colleagues.

Petersen had that too, but also something rather different. His "vision" was as much to do with reforming Ford's internal structures and processes - creating what he called "a teamwork dynamo" - as with achieving distinction in the US car market, though he did that in spades. Every account of his tenure during Ford's remarkable revival in the 1980s stresses his collegial, listening, and "enabling" style.

In theory, that makes Petersen the closest parallel to John Major - or, rather, to the way Major tries to operate. Which brings us to what academics would call the "systems differences" between political and business leadership.

Andrew Kakabadse, a Cranfield professor who studies business leadership in nine countries, boils the usual long list of key attributes down to three: "visioning"; good communica-

tions; and a "team orientation".

Visioning involves a degree of creativity, but also the ability to make sense of immense "systems detail", he says. Communications must be consistently excellent, both internally and externally. Teamwork is more a matter of open, thorough dialogue, than whether the final decision is taken by consensus or autocratically.

Few leadership experts would score Major highly on clarity and consistency of vision. Most would agree with Philip Sadler, the former head of Ashridge Management College, that Major's goals are "unstrung beads". They lack the unifying thread which a good business leader finds vital.

On the second attribute, communications, Major has demonstrably failed to perform. Unlike reticent chief executives, who can delegate much of their external relations downwards to specialists, or upwards to an extrovert chairman, political leaders are only as effective as their own ability to communicate.

It is a moot point whether Major deserves a high score on the third key attribute, teamwork, in spite of his belief in it. Given the poor quality of so many of his government's decisions and subsequent climbdowns - or inconsistent refusals to compromise - it is far from clear that he is stimulating a sufficiently thorough team dialogue. Moreover, instead of allowing his more headstrong colleagues to take ill-considered decisions, he should, in common with Attlee or Petersen, show he has the steel to overrule them from time to time.

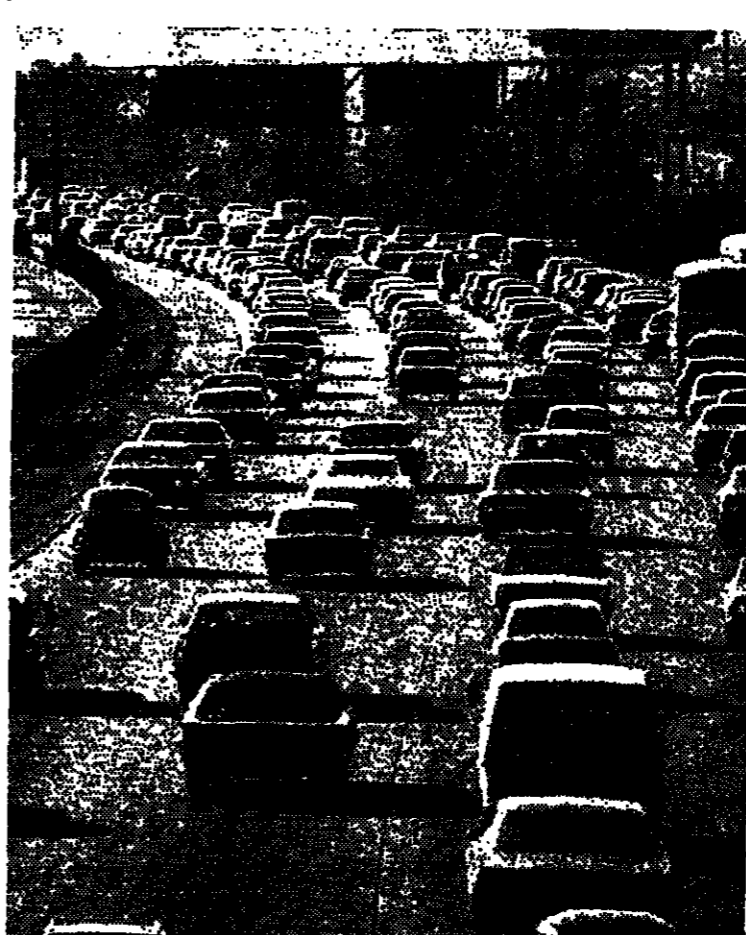
In politics as well as business, leaders who want to have staying power must tailor their style to changing situations. At US General Electric, Jack Welch has done that, becoming more consultative than a decade ago. Thatcher could not recognise or accept the need and suffered the consequences.

In Major's case the question may be more whether a halfway adequate manager can transform himself into someone who, however quietly, can galvanise others into cohesive action. Mulcahy had a decade to do so, Petersen two. Major has no such luxury.

## TECHNOLOGY

Crumbling highways and congestion have forced the US to re-think transportation, writes Victoria Griffith

## The intelligent car hits the road



association, known as the Intelligent Vehicle Highway Society.

Among the association's long-term goals are the installation of computerised sensors on all federal highways to limit the number of stops a vehicle is forced to make. These sensors would aim to eliminate toll booths by debiting users' bank accounts as they passed through invisible borders. The sensors would also be equipped to weigh trucks in motion and offer computerised cargo inspection.

Once the system was in full operation, a truck could move across the country, petrol permitting, without making a single stop.

The new sensors would be useful, not only on highways, but on urban streets as well. In Los Angeles, a new IVHS project plans to install sensors at 4,000 intersections. The sensors would aim to minimise "wasted green time" - the period of time a traffic light stays green without any vehicle passing through.

When the flow of cars slowed down, the sensors would tell the traffic light to turn red, giving other cars at the crossing a chance to move ahead. According to IVHS, over \$200bn will be spent on these types of systems over the next 20 years. Some 80 per cent of that investment is set to come from the private sector and the remainder from federal and state governments.

"The US is the only country in the world with a 20-year plan for IVHS," says Fred Tucker, head of the automotive division at Motorola. Private companies, hopeful that the US can take the lead in this area, have been moving ahead with IVHS tests, and related products, such as self-navigation systems, should be on the market later this year.

In Orlando, Florida, General Motors and Avis, the car rental group, have just completed a market test for self-navigating vehicles. Drivers using the Avis cars were amused by voices that spit out directions, such as "Turn right at the next set of lights," and "You are three miles from Disneyland."

General Motors specially produced 100 cars for the project, all equipped with "talking" devices to give drivers directions and computer screens featuring maps of the area. Sensors on the cars let the computer know the exact location of the vehicle, enabling them to guide drivers. The experiment was so well-received that more comprehensive navigation tests are being organised in several regions of the country.

Even the most sophisticated navigation systems, though, will not help much if the US does not move quickly to improve the condition of its roads. A congressional report has warned that in two years 35 per cent of the country's interstate

roads will have outlived their useful life. Rather than patch up the problems in piecemeal fashion, the government is investing in new technologies to improve the roads' durability.

"The price of concrete, cement and other building materials is very small compared with the overall cost of construction," says Surendra Shah, a professor of engineering at Northwestern University and a leading researcher on innovative building materials. "So it makes sense to use the best material available, even if it is a little more expensive."

Construction groups are working with a slew of new materials to expand the lifespan of roads and bridges. Some new concretes, by using fibre and chemical additives, are attaining strengths 10 to 25 times higher than every-day concrete. One of the problems with concrete is that it is porous and thus susceptible to moisture-produced cracks.

Many companies have begun to use microscopic particles to fill in the holes and, thereby, to "waterproof" roads. "Micro-silica is extremely effective in eliminating the permeability of concrete," says Kenneth Rear, technology manager at WR Grace, a big concrete maker. Concrete is also an extremely brittle material, highly susceptible to cracking. To improve bonding at an atomic level, some groups are experimenting with polymer additives such as carbon, steel, glass fibres and polypropylene.

These additives improve the flexibility of concrete, enabling construction companies to use thinner layers of the material in road construction.

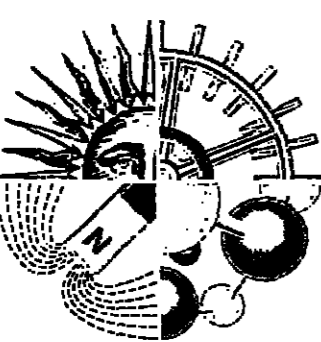
"This new product is just as cheap as asphalt to use and far more durable," says Leet Denton, president of Denton Construction in Detroit. There are many other innovations to improve the quality of concrete.

One chemical group, Arco Chemical, is working on a chemical product which would pre-shrink concrete before it is laid down, reducing cracking later on.

And Denton Construction has championed fast-drying concrete which, through the use of high-grade stone and insulation blankets, can support traffic within four hours of being laid down.

Many of these products have come into use only recently in actual construction: others are still in the experimental phase. However, most transportation authorities predict an avalanche of new innovations over the next few years. If they are right, US highways could soon leap from 1950s' technology into the 21st century.

### Worth Watching · Della Bradshaw



#### Making life easier for the tellers

The latest object-oriented software has been adopted by computer maker Siemens Nixdorf Information Systems to make it easier for tellers in banks and building societies to carry out transactions and sell extra services to their customers.

Each customer becomes a single "object" on the system, and attached to each are details of accounts, mortgages and other business with the bank. Information on SN-teller can be displayed and entered using a mouse and operating in the Windows environment, or in a keyboard format running under Dos, OS/2 or Unix. Siemens Nixdorf UK, 0344 862222.

• Siemens Nixdorf, AST and IBM have all announced the launch of PCs based on the latest, and most powerful, Intel microprocessor, the Pentium. IBM has also developed a means of upgrading older PS/2 machines with a Pentium processor. AST UK, 061 568 4350. IBM UK, 0705 331212.

#### Mixing up a time saver

Builders and do-it-yourself enthusiasts could save both time and money with a collapsible cement mixer, designed by a former engineer from Watford.

David Gawron's patented Gizmix replaces the traditional mixer's steel drum with a synthetic rubber bag inside a web of telescopic tubular rods.

Packaged with the motor the mixer can be stored in a box in the corner of a workshop or garage.

Because it is light enough to carry, it can also be taken to the upper stories of a high-rise building without the need for a winch.

Once in production, the

Gizmix should cost less than £100 to buy. Gawron UK, 0923 776 747.

#### Coded message for lost property

When disaster strikes - a fire or a bomb - it is difficult to match the items retrieved from the wreckage to its owner.

An asset management system using bar codes, developed by the Australian company Hardcat Systems, could make life easier.

Hardcat is a relational database which holds information relating to assets and cross refers them. So floppy discs could be labelled with a bar code cross-referenced to the code of the PC on which they would be used. Hardcat: Australia, 03 696 0188; UK, 0276 855555.

#### Cool recycling technique

Freezing temperatures could provide an economical way of recycling used tyres. Aga has installed a recycling plant for the Swiss company Elude which uses a process called cryogenic fragmentation.

The tyres are shredded and fed into a tunnel where liquid and gaseous nitrogen cools the fragments to below -30°C. A hammer mill then pounds the chips which separate into their components: steel, textiles and rubber granules. The rubber granules can be used for athletics tracks and even rubberised asphalt for road surfaces. Aga: Switzerland, 61 821 7282; UK, 0203 650 566.

#### Packaging with flexibility

Researchers at Cambridge Consultants have developed an alternative to vacuum-formed plastic trays which relies more on origami than traditional packaging. Vacuum-formed trays are widely used in the food industry - to separate the biscuits in a packet, for example.

The CCL method folds paper or paperboard on the production line from a single roll of paper. The technique enables companies to change their packaging quickly if a new product line is introduced.

As plastic trays are rarely made on the packing site, stocks have to be held and separating the trays often has to be done manually. CCL: UK, 0223 420024.

The experience of driving down a US highway has not changed much over the last 40 years.

The car models may be far more sophisticated, but motorists feel the same, often bumpy surface under their wheels and pass through toll booths which could easily serve as a backdrop to a film set in the 1950s.

But new technologies are about to shake up the staid world of highway transportation in the US.

In the pipeline are such innovations as stronger, more durable concrete surfaces and automatic sensors which collect tolls simply by debiting a motorist's bank account.

After trailing behind Japan and Europe for years in the area of transportation technology, the US is finally catching up and, in some cases, moving to the cutting edge of highway innovations.

The new attention being paid to transportation is triggered by necessity. Traffic problems are worsening, bridges and highways continue to crumble and the cost of repair is mounting.

These factors are forcing the federal and state governments to take a hard look at longer-lasting infrastructure.

If they succeed in extending the life of US highways, the savings

**In two years, 35 per cent of America's interstate roads will have outlived their useful life**

could be tremendous. The National Research Council, a privately funded research group, estimates that improving the durability of the country's roads and bridges by just one percentage point would yield savings to the federal government of between \$10bn (£6.4bn) and \$30bn over a 20-year period.

One reason that new highway technologies have been slow to take hold is that spending on infrastructure is ultimately controlled by bureaucratic state and federal governments.

However, the private sector, lured by government grants for research and the promise of a mass market for transportation products, is beginning to take on more responsibility.

State-of-the-art technology, known as "intelligent vehicle highway systems" (IVHS), is set to revolutionise the way Americans use their cars.

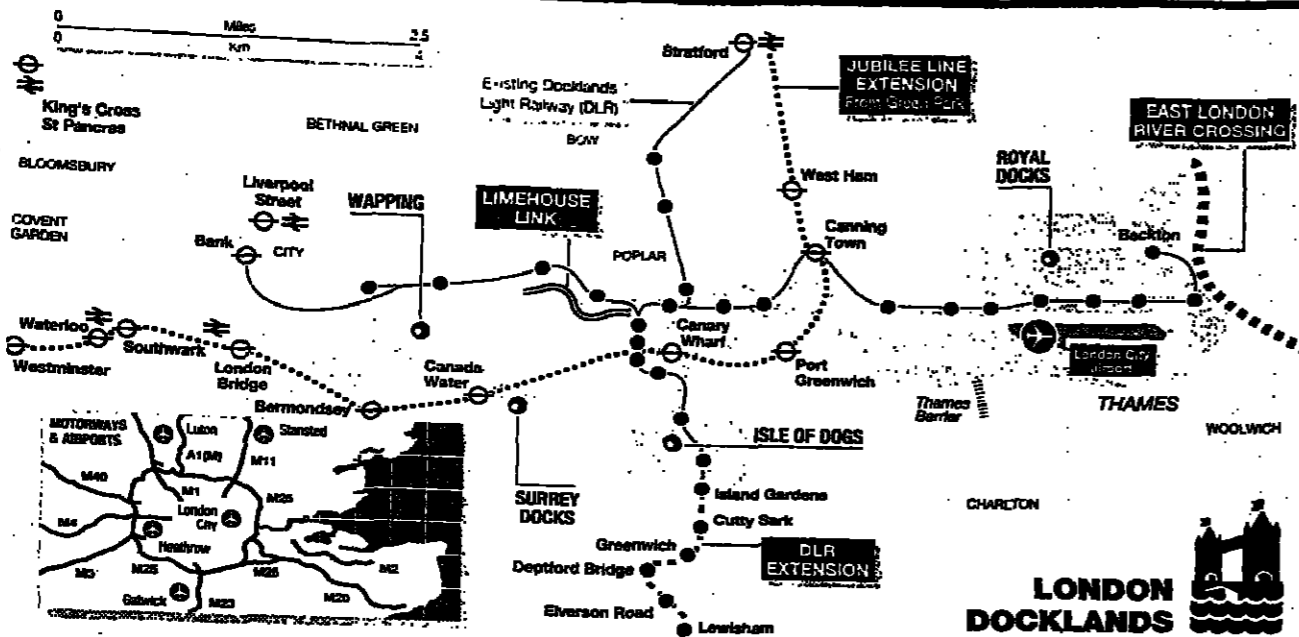
This new technology would allow car computers to gather and give off information on everything from road conditions to the number of passengers in the vehicle. Private and public-sector groups have formed a Washington-based

# LONDON DOCKLANDS

Friday May 21 1993

Once a gateway of world trade, Docklands' calm waters are now free for windsurfing: PAGE 4

Property scene: why Docklands' defenders believe fortunes can yet be transformed: PAGE 3



## May the best dream win

After serious setbacks for London Docklands – a £10bn, world-class experiment in urban regeneration – recent events seem to indicate that the worst may now be over, reports Michael Cassell

LONDON DOCKLANDS has always needed its visionaries and dreamers. The last three years, however, have been more likely to generate nightmares.

The 5,000-acre riverside sprawl to the east of the British capital, a world-class experiment in urban regeneration and a marble-clad totem to the forces of free enterprise, was born at the dawn of Britain's entrepreneurial renaissance.

The economic boom years of the 1980s gave it a flying start as it set about showing the sceptics and the small-minded how government and business could unite behind a £10bn budget to transform dereliction and decay into a 21st century, wealth-creating community.

But as the debate intensified over the logic of a strategy which built skyscrapers first and roads second, so the swift transition from economic boom to recession piled problem upon problem down in the docks.

The story of how golden promise turned to dark despair has been well catalogued. An upstart rival to the centuries-old City on its doorstep, dockland's ability to usurp the traditional role of the Square Mile was always in question. The collapse of the UK economy – and in financial services and the south-east, in particular, seemed to provide the answer.

Land which had doubled in value between 1986 and 1987 was now unsaleable, along with the apartments which had boasted jacuzzis and six

noughts on the end of their asking prices. Companies which had been on the brink of moving in, pulled back; new development ground to a halt as the inventory of empty space rocketed.

The crisis of confidence seemed to spread to those with responsibility for docklands, both within the London Docklands Development Corporation and in Whitehall. The Department of the Environment, having raised expectations, decided against moving its own staff to the area.

The spectacular collapse of Canary Wharf, the most grandiose property scheme from the world's most ambitious property developer, also threw into doubt the future of the crucial, £1.8bn Jubilee line underground extension. The government expressed regret – from the sidelines.

"Last September was the low point," recalls Mr Eric Sorensen, LDDC chief executive. "There seemed to be very little more that could be added to our problems."

Beyond Docklands, the public impression was that the entire project had shut down, that the area was set to revert to a wilderness. Yet the doom and gloom about what was always going to be a long-term project, with its fair share of ups and downs, may always have been a bit overdone.

In Dockland's darkest hour, more than 61,000 people were living there, a similar number were employed there and 2,500 businesses were operating

there. The economic fault lines could not detract, either, from the sheer physical achievements of some of the most enterprising developers and designers.

But the statistics were of little comfort in the immediate crisis. Mr Sorensen says, however, there was "no point in whistling the wind."

The best contribution was to press on with efforts to ensure that the all-important transport links were developed – "it was not just about physical construction; it was psychologically important for the whole area that we should make progress," he adds.

THE LDDC has worked hard in helping to get the Jubilee line extension back on track and, following agreement by the European Investment Bank to inject £98m into the project, believes an important corner has been turned. A final go-ahead, however, is still awaited.

Other, recent events have conspired to offer some hope that the worst really might be over. Canary Wharf could soon be out of the hands of administrators, while the ill-fated docklands light railway – its being encouraged by the arrival of some significant occupiers.

The opening this month of the controversial docklands highway, a dual carriageway running from the city to the London City Airport, will transform access, although there are fears of serious congestion around Tower Hill.

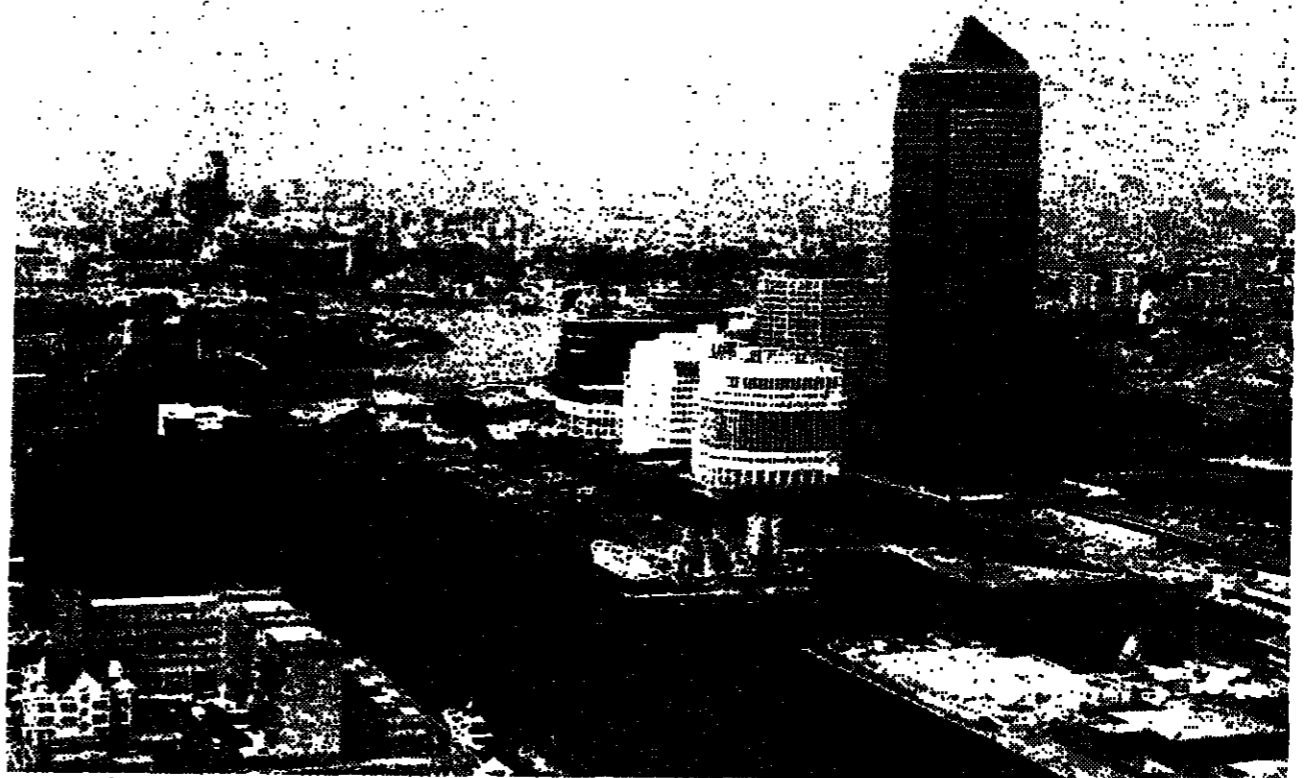
The airport itself is set for a significant expansion of its continental services, though the complex remains a loss-making enterprise and operators, Mowlem, have failed to find a partner to help them bear the cost. Its claim of being a 15-minute taxi ride from the city should now, at least, be met.

There are also hopes that the end of recession will more generally stimulate economic activity and allow Docklands to put its worst period behind it. Caution prevails but there are some straws in the wind.

Local housing agents say that there has been an improvement in interest among potential buyers and the commercial property market – sagging under the weight of unwanted floorspace – is being encouraged by the arrival of some significant occupiers.

Texaco, the US-owned energy group has just moved 1,000 headquarters staff from London's west end into Canary Wharf while Credit Suisse First Boston has brought in another 1,500. Canary Wharf, the giant "white elephant," now has 6,500 people working in it. Other arrivals include Pearle, Marwick, Morgan Stanley and Tower Hamlets council, with its 800 staff. Mirror Group Newspapers is also said to be considering a move into Docklands.

The LDDC itself says it is no longer keeping its head down on the development front. As the authority vested with own-



A new, £225m roadway, the underground Limehouse Link, greatly improves communications between Docklands and the City of London

ership of 550 acres of local land, it is again marketing some of its sites in a new air of optimism. It intends to release 25 small building sites this year and is brushing off previously aborted plans for an exhibition centre close to the Royal Docks. The corporation is also keen to pursue ambitious plans for an urban village on a 70-acre site in the same locality. It could ultimately be home for up to 5,000 people.

Housing developers are also back in business, with Barrett London and Fairview New Homes developing nearly 400 new homes between them. The emphasis, in contrast to the 1980s, is going to be on lower-cost housing, with prices on one of the developments

starting at only £39,000.

Foreign investment interest is also perking up, with the Bank of China recently completing the purchase of a block of 48 apartments on the Isle of Dogs. New efforts to attract inward investors from overseas are being made by the LDDC.

The position of Docklands as a vital, commercial bridgehead to the east of London was recently endorsed by the government when it announced plans for a "golden corridor" of development running along both sides of the Thames as far as Tilbury and Sheerness.

The proposals were immediately welcomed by the LDDC as evidence of the government's commitment to building up the economy to the east of the capital. Mr Michael Howard, the Environment Secretary, slapped down "critics and doom mongers" to suggest that Docklands will resume its growth once the economy gets under steam.

He was announcing the creation of a task force to spearhead long-term economic development along the so-called East Thames Corridor. The intention is to have a planning framework in place by March 1994.

Already, however, there are critics of the proposals, who point out that such a strategy could suck development away from the west of London. They also stress that much of the relevant land to the east of the capital has been ravaged by

years of industrial misuse.

Though Mr Howard spoke of docklands as a "great success story," his plans for further expansion to the east clearly revealed that lessons have been learned in high places.

A key to the plans will be in ensuring that the development of the corridor co-incides with an extensive infrastructure programme. A more flexible strategy will also mean less concentration on office developments and the provision of a broader range of integrated projects.

The minister envisaged 100,000 new homes and 100,000 extra jobs in a decade. Virtually the same targets are shared by Docklands itself. May the best dream win.

### TRANSPORT INVESTMENT

## Envy of the capital

DOCKLANDS is caught in a trap when it comes to transport. On the one hand, it wants to secure investment in more and better links by stressing to government the inadequacy of the existing infrastructure. On the other, it seeks to lure investors by telling them how good its transport is now.

Amid the resulting confusion, the overriding impression is that the first of these two versions is correct: that the government has let docklands down by failing to provide better transport. Indeed, the developers of Canary Wharf have directly attributed that project's financial failure to the inadequacy of the links between central London and the Isle of Dogs. But are these criticisms founded on reality, or myth?

To answer the question, it is necessary to go back to the beginning of the docklands story. It is sometimes forgotten just how modest the government's ambitions for docklands were when it set up the London Docklands Development Corporation to regenerate the area in 1981. Then, all it foresaw was the construction of 8.5m sq ft of light industrial premises. Clearly, east London's transport needs had to be looked at afresh, but at that time it seemed enough to improve the roads and install the "toy town" Docklands Light Railway on a shoestring budget of £77m.

That might have been the end of the story had it not been for the Reichmann brothers. But when they and their private property company, Olympia & York, arrived in 1987 with their grandiose scheme to turn the Isle of Dogs into London's third business centre (the other two being the West

End and the City), the transport plans were thrown into chaos.

Considering the scale of the demands being made on it, the government reacted with astonishing speed and generosity. Within months, it was carrying out detailed work on the options for improving docklands' transport infrastructure. The East London Rail Study was completed and published in January 1989, and in November that same year a Bill to authorise construction of the

main beneficiary of it, the government had secured an undertaking from Olympia & York that the company would make an up-front contribution of £100m towards the line's £1.8bn construction cost.

When Olympia & York collapsed, the company defaulted on its agreement, and construction of the line has been postponed ever since. In other respects, however, docklands is now looking well-served by transport. The main features of the infrastructure include:

- Office and industrial property; housing ..... page 3
- A growing community: movers and shakers who are helping to make Docklands work ..... page 4
- Amenities; leisure facilities; eating out ..... page 4

Jubilee Line extension went before parliament. More than £3.5bn was committed to roads, the Underground line and the upgrading of the Docklands Light Railway.

It is true that not all this transport investment went smoothly – but then, transport investment rarely does. Services on the Docklands Light Railway, for example, were continually disrupted by the upgrading programme.

Under pressure from Olympia & York to do something about the railway's poor performance, the government eventually stripped control of the line from London Transport and installed a new management team headed by Sir Peter Levene, the former procurement chief at the Ministry of Defence.

Worse, the Jubilee Line was never built. But that was not the government's fault. Since it was the Canary Wharf development that had given rise to the need for the line, and since Canary Wharf would be the

● Roads: the £1.65bn roads and river crossings programme is virtually complete, with many roads opening ahead of schedule.

The single most important road, the underground Limehouse Link, opened six months ahead of schedule this month greatly improving communications between docklands and the City. Barely a mile long and costing £255m to build, it is reputed to be *pro rata* one of the most expensive pieces of road in the world.

● Docklands Light Railway: Initially built for £77m, the Docklands Light Railway is now approaching the end of an £800m programme of improvement and expansion. It has already been extended to Bank in the City; an eastwards extension to Beckton opens in October; and a southward extension across the river to Lewisham is planned.

The line is now performing reliably, with capacity greatly increased.

● Jubilee Line Extension: the

government has pledged that construction of the Jubilee Line extension from central London to docklands will begin as soon as the private sector produces its promised £100m contribution.

Last month the European Investment Bank said it was prepared to plug the gap by lending £100m to whoever took over Canary Wharf from the administrators, but the decision is likely to take some time to translate into action.

● London City Airport: a £5m runway extension made it possible to introduce jet services at the privately-owned London City Airport in docklands last year, leading to an expansion of services.

The airport will also get a boost from the opening of the Limehouse Link, which it claims will put it within a 15-minute taxi ride of Tower Bridge in the City.

● RiverBus: a fleet of RiverBuses provides a novel form of urban transport along the Thames between docklands and central London, operating at 15-minute during peak hours.

So where does that leave transport in docklands today? Whatever else it may be, it is the envy of the rest of the capital – and indeed, the rest of the country – which has been starved of transport investment to pay for the £3.5bn being lavished in east London.

With Canary Wharf in administration and the rest of docklands blighted by the surpluses overhauling the property market, it could reasonably be argued that the real question is no longer whether the amount being spent on transport in the area is too little, but whether it is too much.

Richard Tomkins

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City (30 minutes from the West End), with the opening of the Docklands Highways in May. No queues and a 10 minute check-in, London City Airport is the most time-saving, trouble-free way to fly on business to more and more places in Europe.

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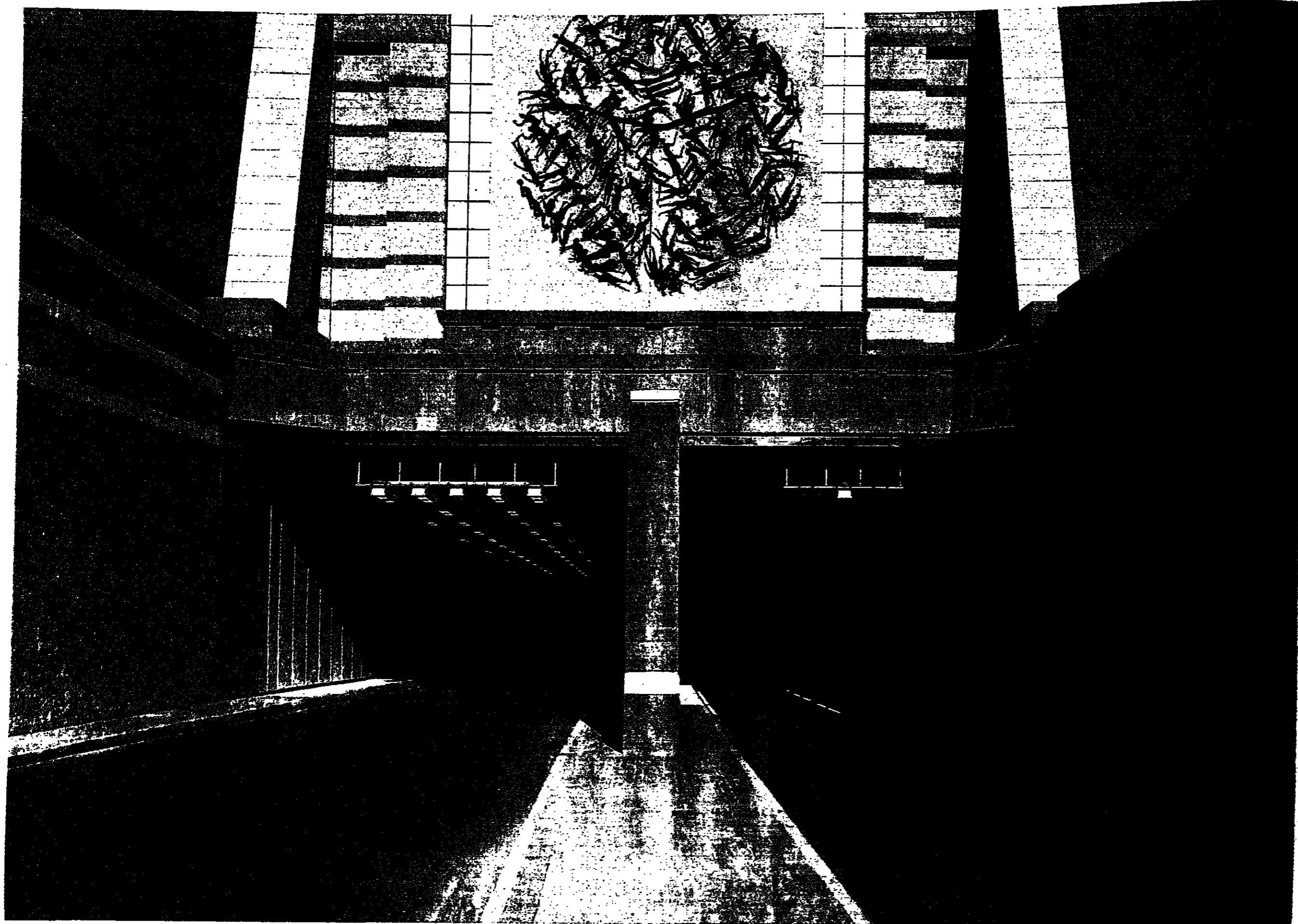
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# It looks like the end of the road for the Knocker.

For the driver heading to Docklands, there's light at the end of the tunnel.

With the Limehouse Link now open, Canary Wharf is just 10 minutes from the City, while London City Airport is 20 minutes away.

Now, when the question, "How do I get

to Docklands?" is asked, "Very slowly" won't seem such a witty reply.

Especially as the Isle of Dogs is now just 30 minutes from the M11/M25 junction.

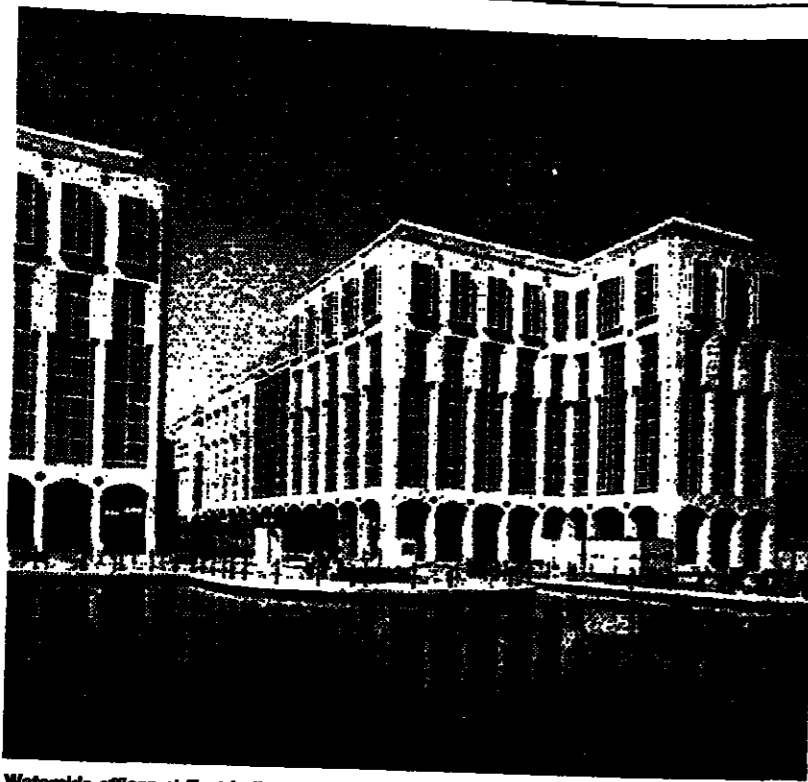
In fact, the Docklands highways now provide continuous four-lane roads connecting

Westminster, the City, and Docklands. And on through to the M11.

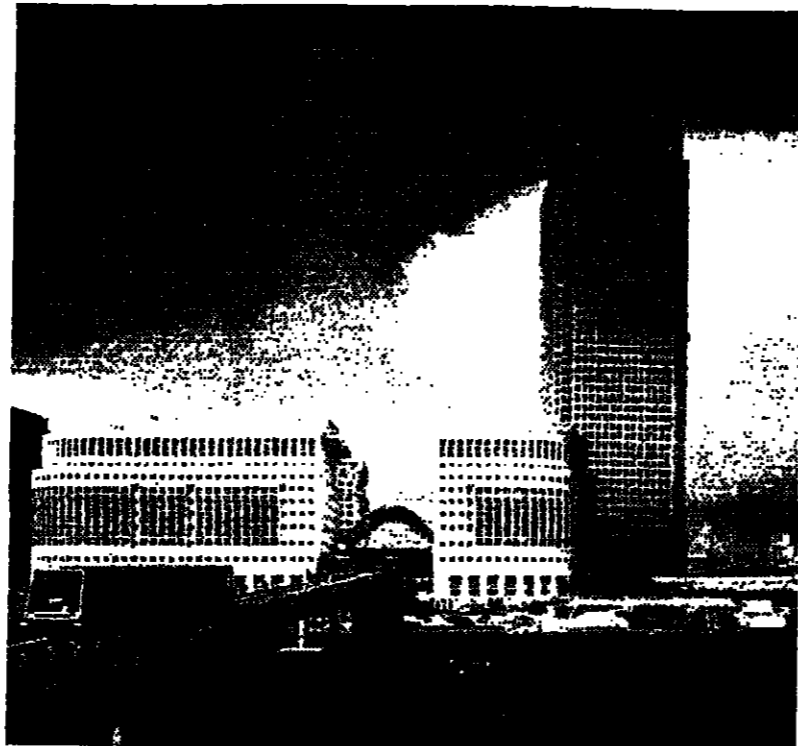
For everyone except the Knocker. For him, they're roads to oblivion.

**London Docklands**  
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مكزامن الأصيل



Waterside offices at East India Dock



Canary Wharf with the Docklands Light Railway connection

## OFFICE PROPERTY

# Dockland defenders remain hopeful

**A** YEAR after Canary Wharf's insolvency sent shockwaves through the Docklands office market, opinion remains sharply divided about the sector's prospects for recovery.

The sceptics doubt whether the area has a chance of ever living up to the ambitious plans that were hatched in the second half of the 1980s. They believe that the high-profile problems of Canary Wharf and other schemes have dealt a lasting blow to the Docklands' prestige. Moreover, the over-supply in the City and weak demand from the financial services sector will severely constrain take-up of offices. At the current rate of take-up, there is well over a decade's supply of available office space.

But its defenders believe that within the next five years, its fortunes could be transformed. They think it can still fulfil its potential of being London's third business centre, along with the City and West End.

The area's champions draw encouragement from improvements to the Docklands transport system and the arrival of large tenants such as Texaco at Canary Wharf.

Moreover, they contend that Canary Wharf's move into administration was less damaging to tenant demand than was generally assumed, notwithstanding the decision of some of the Wharf's tenants, such as American Express, to abandon their move.

Interest in the Docklands from potential tenants actually increased after the insolvency of Canary Wharf, according to Mr Roger Parsons of Knight

Frank & Rutley, chartered surveyors - "we had a lot of people come and have a look purely out of curiosity. It raised expectations that there were incredible deals because everyone assumed the Docklands was on its knees."

Indeed, demand for office space in the Docklands showed slight signs of improvement last year. Take-up increased to 332,000 sq ft in 1992, compared to 192,500 sq ft in 1991, according to Knight Frank & Rutley.

The trend also improved in the first quarter of 1993, which saw the highest quarterly take-up rate of 213,503 sq ft, since the second quarter of 1990. However, it is unclear how sustainable this improvement will be. Some 90 per cent of the first quarter's take-up was the result of moves by three occupiers from in or immediately around the Docklands. The largest deal was struck by the London Borough of Tower Hamlets which in February announced that it would move its town hall to a 140,000 sq ft building in the East India Dock development owned by NCC, the Swedish development group and SPP, the Swedish insurance group. In addition, Northern and Shell, the publishers, bought

the 54,000 sq ft Merchant House in City Harbour and East London Telecommunications let 27,000 sq ft at Limeharbour Court.

Another notable deal in the first quarter of 1993 was the LDDC's sale of three acres in March to the Lord Chancellor's Department, which announced plans to build a 150,000 sq ft courtroom complex in East India Dock. Other office tenants that have taken space in the past year include Endsleigh Insurance, which rented 24,000 sq ft in South Quay Plaza II in 1992, the Dept. of Transport, Sunrise TV and the National Therapeutic and Osteopathic Society.

**T**HE Western International University of Phoenix, Arizona agreed last summer to open a London campus that would occupy 20,000 sq ft of Glengall Bridge, a scheme by London and Edinburgh Trust and BICC Development at Millharbour. Another educational establishment, the European Language School, also took space in the scheme. The attraction of the Docklands for most incoming tenants is price. Typically, a new tenant would pay £10 per sq ft for a ten year lease, with 24

years rent free. Furthermore, the Uniform Business Rate of around £10-15 per sq ft for top specification space is cheaper than in the City and West End rates where it averages some £23 per sq ft. However, the 1996 revaluation, which is based on rental values in April 1993, will reduce this differential.

Although there has been a trickle of small and medium-sized deals in the past year, the Docklands will need to attract large office users before it has a realistic chance of recovery. Some 57 per cent of available space of available space in the Isle of Dogs (which totals 2.87m sq ft) is in buildings over 200,000 sq ft.

Unsurprisingly, Canary Wharf dominates the market. It accounts for half the available space in the Isle of Dogs, which in turn accounts for 84 per cent of the LDDC area.

Its prospects remain highly uncertain. Since the project moved into administration, it has attracted little interest from tenants. Even with an economic recovery and a resolution of the uncertainty surrounding the Jubilee Line extension, the prospects of filling up the 4.5m sq ft project are daunting.

Recovery in the Docklands

property market is likely to lag the rest of the London office market. Agents blame the meagre level of interest from potential tenants on the intense price competition from other parts of London.

The problem is that there hasn't been a good reason to come to the Docklands. The competition has been so strong," says one agent.

The best hope of Docklands property owners is that once the large new office blocks in the City of London have been taken up, large occupiers will decide to move down the river to the docklands, rather than opt for second hand accommodation that lacks air-conditioning. Another faint source of comfort for Docklands' landlords is that the development pipeline has virtually dried up. Moreover, there is little likelihood that the large development projects that have already won planning permission will come to fruition.

With its modern office space and improving infrastructure, the Docklands should benefit from a pick-up in tenant demand as the economy recovers. But even the most optimistic observer of the Docklands believes that pulling its property market out of its current position will be a long, slow haul.

Vanessa Houlder

**A Small Business Ideas Day, sponsored by John Laing, the construction group, will be held on Wednesday, June 9 at the Skyline development. Details of the open day and exhibition are available on 071 497 9707.**

## INDUSTRIAL SECTOR

# A return to favour

**F**OR most of the 1980s, the industrial sector's role in regenerating London Docklands was eclipsed by the rapid growth of the office sector. But in the wake of the slump in the Docklands' office market, the sector's potential is being re-examined.

The London Docklands Development Corporation has commissioned Knight Frank & Rutley, chartered surveyors, to consider the prospects of attracting light industry to the area. Although the findings have not yet been published, they are likely to show that there is scope for putting more emphasis on industry property.

"The fact that the LDDC is now seriously considering industrial development in the Docklands is logical and sensible in view of the infrastructure and spending already accorded to the area and given the state of the office property market," says Mr Stephen Malen, head of property research at Knight Frank & Rutley.

A greater emphasis on industrial development would build on an established base. The docks traditionally had numerous industries related to the import and export of goods, even though it was rarely associated with heavy manufacturing. North Woolwich and Silvertown are still important areas for manufacturing and service industries. For instance, long-established com-

panies include Pura Foods, refiners and bottlers of edible oil, in Leamouth and Tate & Lyle, sugar refiners and Char- ringtons, the brewers in Silvertown. That said, the past two decades saw a rapid decline in industrial activity. The closure of the docks left many river side industries with no long term prospect of survival.

Some critics of the LDDC think that it did not do enough to tackle the continued decline of the area's traditional industrial and manufacturing base - "the LDDC has consistently encouraged and even accelerated this decline. Rather than use its power and resources to assist local industries, the Corporation tends to see them as a barrier to regeneration," said the Docklands Consultative Committee, a group set up by the area's local authorities.

The LDDC did not accept this criticism. It pointed to the support it gave businesses through serviced industrial sites at Coney Road, north of Canning Town, Crescent Street in E16 and the Poplar Business Park, together with the London Industrial Park that Newham set up in Beckton. Vari-

ous government grants such as City Grant are also available. The LDDC has earmarked 42 acres of land for light industry. The proposed sites are four acres at Quebec Way in Surrey Docks, seven acres at Coney Road, north of Leamouth, 11 acres on the south side of King George V Dock and 20 acres on the south side of Albert Basin.

**S**OME critics suggest that these sites may have problems attracting occupiers. Access may be too difficult and the high building and landscaping requirements too onerous to suit some potential users.

However, a change in policy which allowed industrial or distribution companies to use better sites might ultimately be considered a wasted opportunity. Having invested heavily in upgrading the area - some £500m has been spent on infrastructure in the Royal Docks - it holds out the hope of attracting prestigious occupiers, such as a business park or corporate headquarters.

A decision to encourage industrial development would, in some respects, be a break

with the past. The architects of the dockland's regeneration had an ambivalent attitude to manufacturing industry. They did not want to "condemn Docklands to its past," as Mr Reg Ward, its first chief executive put it. The efforts made by local authorities in the 1970s to bring back manufacturing industry were considered to be futile. Moreover, the Docklands, they believed, had the potential to be more than a routine industrial development area.

The LDDC got the chance to prove this in 1982, when the Government set up an Enterprise Zone covering 460 acres on the Isle of Dogs and Lea Estuary. This gave a ten-year exemption from rates and allowed 100 per cent tax write-offs against the capital costs of non-residential buildings.

Although the government had expected the Enterprise Zone to encourage industrial expansion, the LDDC believed it could also be used by office users, who would be attracted by the ability to write-off their investment against tax.

"We used the EZ in an entirely different and somewhat 'maverick' way... to make the Isle of Dogs an office and commercial location rather than confirming it as an industrial one," said Mr Ward. Builders put up flexible 'business space', which could be used for activities ranging from warehousing, production, research and development and offices. Although these were mostly successful, the emphasis increasingly switched to office developments in the 1980s as the service sector

expanded and land values rose. Nonetheless, the area had successes in bringing in high-tech industry, particularly in the case of the telecommunications industry. For instance, a teleport was opened at North Woolwich to handle satellite communications for financial business services.

National newspapers were also important investors. The printworks of the Daily Mail, Guardian, Daily Telegraph and the FT moved in to Surrey Quays, Millharbour, Isle of Dogs and Leamouth. They were attracted to Docklands by its enterprise zone status, its good communications, large sites and easy accessibility to Central London.

The tax breaks have now expired, although the other attractions remain. The effort to attract new users to the area is likely to focus on the limited number of manufacturing activities that benefit from proximity to central London.

Potential occupiers may include perishable food processors serving the Central London market or businesses associated with telecoms, data storage and transmission and computer centres. There may also be demand from warehouses for distributors serving the London market, although planners might be reluctant to give permission to buildings with relatively low aesthetic appeal or employment potential.

The difficulties of attracting industry to the inner cities means that more industrial development cannot play more than a partial role in the regeneration of the docklands. But the area's greatly improved infrastructure and its over-supply of offices makes a good case for putting a greater emphasis on industrial development.

Vanessa Houlder

## HOUSING

# New mood of realism as market stirs again

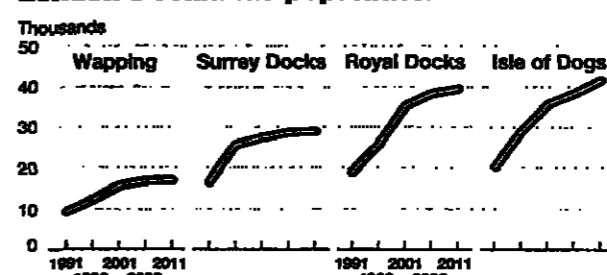
**T**HE story of the rise and fall of docklands is neatly encapsulated in the experiences of its housing market. In the late 1980s, the vision of glitzy, futuristic apartments, their yuppy inhabitants swilling chilled wine behind unwelcoming, electronic gates appeared to say it all - despite the fact that nearly two-thirds of all house sales went to local residents on more modest means.

Docklands was perceived as the front-edge of a brave new world, built on a booming financial services market in which the smart but inexperienced could make big bucks and buy a swanky home just a few minutes drive from the office in the Porsche Carrera.

But the bubble burst and with it went the over-confident, over-mortgaged newcomers who had been ready to pay up to £800,000 for a new lifestyle and a private mooring. The values of homes built for trading, rather than for living in, collapsed and the story turned sour.

It was not a story exclusive to Docklands but, somehow,

## London Docklands population



a surge in interest among buyers at the very start of the year, but it tailed off in March - "it's been up and down. We are still waiting to see if there has been any significant improvement again," he says.

There is also some evidence that, once again, interest is beginning to rise among foreign investors, who played a role in the market during the late 1980s.

At the same time, it appears that sales of residential property for investment purposes are accounting for a growing proportion of those transactions which are taking place.

Investors can expect a gross rental return of up to 12 per cent on their property, against a realistic return on more central London properties of up to 9 per cent, according to one local agent.

Some of the property experts are already proclaiming the Docklands revival is underway. Ancer reports a "sudden surge" in sales, with clear signs of renewed strength after four years of weakness. But however optimistic the noises, there is little doubt that any increase in activity will take a considerable time to work through in terms of rising prices.

After the knocks of the late 1980s and early '90s, the LDDC is gearing up for renewed activity in its role as vendor of development land. Over the next year it plans the phased release of 13 development sites, a significant increase on the previous twelve months.

The return of private developers is seen as essential, given the ever-present dangers of housing estate "ghettos" if development is left only to the public sector. A mixed community of housing remains the driving philosophy for the area.

The LDDC is negotiating land deals in several locations, including a key site at Beckton. It is also releasing a development site in the same area by organising a competition among builders.

Price alone will not be enough to win. A developer will be selected on the basis of the proposals submitted, with attention paid to the type of housing and the time-scale envisaged among other factors - "we are not yet ready to consider tendering sites," says Mr Bignell.

Builders are certainly renewing their interest in the area, albeit cautiously. Having sold nearly all the properties on its Hithes Point development, Barratt London has started work on Sovereign View, a former wharf on Surrey Docks, which will provide 275 homes and apartments. Prices will start as low as £55,000.

Fairview New Homes is also building in Docklands for the first time, developing 113 low-cost starter homes on a 2.4-acre waterside site at Timber Wharves, Isle of Dogs.

Prices on the development, which has yielded the first

## There is a growing number of sales of residential property for investment purposes

land deal of such a size for four years, will start as low as £59,000.

There are also housing association schemes under way, a sector of the market which for a time has represented the only meaningful development in the area.

The LDDC is now, above all, looking for a period of equilibrium in local housing. It wants to place the emphasis, initially, on low-cost housing and will then release what it describes as higher quality locations as market conditions permit.

It is particularly excited about the prospects for developing an urban village to the south of Royal Victoria Dock. The LDDC envisages 300 housing units being built over the next two and half years and - in a rolling programme - wants to see 7,000 homes and a complete community in place within seven years. The infrastructure is already in place.

Such schemes point to the way ahead. There are few who believe that the return of super-luxury property developments is, once again, just around the corner.

A great many fingers have been burned in the last three or four years and Docklands realises that it will not be in its own interests if the local housing market is exposed to another damaging debacle. According to Mr Bignell, "this time round, it is all going to be much more down-to-earth."

Michael Cassell

# Travel into the future

Docklands Light Railway is being transformed into one of the world's finest light rail systems, as an integral part of transport in London.

An £800 million programme of investment has seen the system link with the Underground at Bank and will shortly herald the opening of an eight kilometre extension to Beckton.

A new signalling system, a new fleet of trains, and further track improvements will mean a more flexible and efficient service throughout the enlarged network, and by Spring next year potential capacity to the Isle of Dogs will have more than trebled to 24,000 passengers per hour.

With journey times of around 10 minutes from Bank to Canary Wharf and 20 minutes from Bank to London City Airport (via shuttle bus service from Canary Wharf), the Docklands Light Railway is going places, fast.



**DOCKLANDS**  
LIGHT RAIL

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## LONDON DOCKLANDS 4

## LEISURE FACILITIES

## Plenty of surprises – old and new

**I** WAS on my way to the Surrey Docks Watersports Centre when I came across the story of the whale oil which lit the lamps of London.

At the Watersports Centre, you can sail, canoe or windsurf if you are over eight years old and are able to swim 50 metres in light clothes. The whale oil story, less bracing but more intriguing, is on a Docklands Heritage information panel near the water's edge at Greenland Dock.

It says: "Two hundred years ago, you would have been unhappy aware of the awful stench of rotting whale blubber. Each spring, small ships left here for six-week dashes to the icy, storm-blown Arctic waters off Greenland. Half-rotten whale blubber was brought back in casks and boiled in huge coppers on this dockside to extract the oil. Much of it was used to light the streets of London."

Two hundred years later, the lights are no longer lit with oil and whale hunting is frowned upon. The part of the dock on

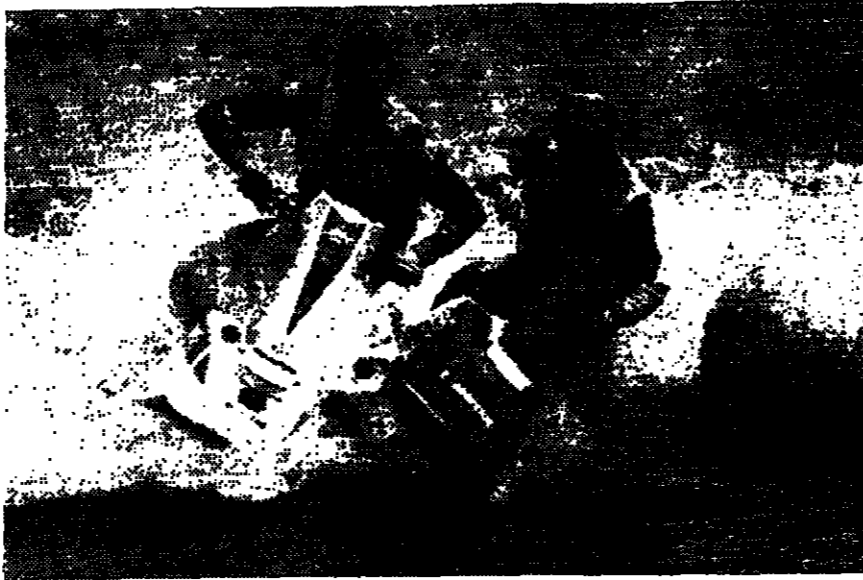
Docklands has acquired an awful reputation in some quarters. Some of it comes from local activists who objected to the breakneck development of the 1980s. More of it comes from people who have never been there but have persuaded themselves, all the same, that it has been a disaster.

Many critics, in this newspaper as much as any other, have excoriated the architecture, the "toy-town" Docklands Light Railway and much else. I cannot understand why. It is true that some of the office buildings is uninspiring. But some of the shopping areas in restored wharf buildings are excellent. And much of the residential development, low-rise and brick, is a distinct improvement on most of what was done all over London in the three preceding decades.

Some of the outlying buildings at Canary Wharf – with their transplanted, straight-out-of-the-box, North American look – do bear a startling resemblance to the hotels at the Euro Disney theme park outside Paris.

But the queues are shorter at Docklands than at Euro Disney and entertainment is available at a fraction of the price. The Docklands Light Railway swoops and veers like a fairground ride. It is easier on the stomach, however, than Disney's Big Thunder Mountain and you can get on and off as you like.

If the threat of IRA bombing had not ended plans to allow visitors to ride the lift to the top of the Canary Wharf tower,



Wet biding at the Royal Dock: Docklands has 55 miles of waterfront

there would be no reason to visit the Paris theme park at all. Unlike Euro Disney, Docklands' surprises are uncontrived. They slip from the layers of the past that you unravel on each visit, rather than from the minds of the Disney imaginers.

So far-reaching were London's trading links, that there is hardly a foreign visitor who is not going to find some Docklands connection. There is, for example, the Nor-

way Cut Swing Bridge, Finland Quay East and West India Quay. Did you know that the Mayflower, which took the Pilgrim Fathers to America in 1620, departed from the riverside quarter of Rotherhithe? Or that its captain, Christopher Jones, is buried in St Mary's churchyard, a short walk from the river?

Rotherhithe is a quiet, clean, settled-looking place. The residents could make

much more of their American connection if they wanted to. Perhaps they don't. The restored 16th century pub, which was once called the Spread Eagle, is now called the Mayflower. But apart from a small plaque explaining this, it doesn't shout about it.

The parish church of St Mary, Rotherhithe, has been a site of Christian worship for nearly 1,000 years. The current church, splendid in the spring sunshine, replaced one built in the twelfth century. It was completed in 1715 and was designed by John James, an associate of Sir Christopher Wren. It beats Sleeping Beauty's Castle.

A little more care could certainly have been taken to ensure that transport links were developed along with the offices and homes of the new Docklands, rather than as an afterthought.

Some of the new transport facilities are already looking run-down. Island Gardens station, through which many tourists pass on their way to the Greenwich foot tunnel, was strewn with litter when I was there.

But all these moans to some extent miss the point. To travel through Docklands is to realise that it has often been a place of chaos, of failed dreams, of wild booms and busts, of perseverance against the odds.

German air raids in September 1940 destroyed all the timber in Surrey Docks – 350,000 tons in one night.

The flames were visible 30 miles away. On 57 consecutive nights from September to November 1940, 25,000 bombs rained down on Docklands, making them the

most heavily bombed civilian target in the country. But they stayed open.

Once a gateway of world trade, Docklands' calm waters are now free for wind surfing. On dry land, others had new aspirations for the area. No longer the destination of the world's trading ships, some – such as Paul Reichmann, Canary Wharf's failed developer – believed London's docklands could be the electronic gateway to Europe, providing the data from which business would be done at the tap of a computer key.

Those new developers have added another layer to the Docklands saga. Future visitors might see the results of the high-water mark of a greedy time, whose nemesis was both inevitable and richly deserved. Or they might regard the new buildings, homes and shops as a testament to a much-maligned decade, which, for all the accompanying chaos and rough manners, a somnolent nation awoke, however briefly, to the promise of

**There is no leisure activity in Docklands which beats wandering around its many varied areas**

the future. Both interpretations accept the failure of Docklands in its new guise. But that failure is not inevitable. Docklands in its high-tech, electronic form, might rise again. What, after all, is a four or five-year property slump in a city as old as London?

In the Docklands Visitor Centre, a history of the area tells us that London's prosperity died out after 410 A.D. But the city boomed again, even if it did take 300 years.

Michael Skapinker

**Once a gateway of world trade, Docklands' calm waters are now free for windsurfing**

which the information panel appears is now called Rainbow Quay after "the Greenpeace ship Rainbow Warrior which campaigned against whaling."

In 200 years' time, visitors to Docklands may find the story of the twentieth century anti-whaling movement as interesting as the oil lamps of London. For the record, there are 11 watersports centres in London Docklands, a 300-metre artificial ski slope, three urban farms and dozens of pubs and restaurants, some of them very old. There is no leisure activity in Docklands, however, which beats wandering around.

**D**OCKLANDS is both a very old community and a very new one. Some of the people who live there have roots in the area which extend back for generations; others have been there only months or years.

But, together, they have a common interest in ensuring that one of Europe's largest development projects is a success.

For some people, the priority has been the completion and operation of vital elements of the area's commercial infrastructure; others have been concerned to ensure that the all-important, social aspects of a developing riverside community attract equal attention.

Most at least agree that Docklands is beyond the point where division and disagreement are useful. Despite inevitable, continuing friction, the emphasis is on working together as much as possible for the benefit of the entire community.

"We all fought with the development corporation but, if you can't beat them, join them," says RITA BENSLEY, a lifelong docklands resident and prime mover in the Docklands Business Initiative. It was formed last year principally to lobby government for a go-ahead to the Jubilee line underground extension.

Mrs Bensley, despite other community commitments, jumped in to help. Though she held many doubts about the way the area was being developed, she believes the underground extension is vital for dockland's future.

She helped organise a petition for the extension among the local community – which raised 2,500 signatures on the first day – and then accompanied it to Downing Street. The government, she says, has to show its support for the east end of London and docklands in particular, which "many people think has closed down".

Mrs Bensley is also chairwoman of the Association of Island Communities, a docklands umbrella group which has been fighting for local people for more than 50 years. She is administrator at a local community centre and also helps out at an old people's club room.

"The Jubilee line will bring in more employment, some of it for local people. If it goes ahead, it will be wonderful news. The people of docklands have been forced to live on a building site for ten years. We've had the coffee, now it's time for the cream".

Another high-profile activist is PAT WARD, a former Barclays Bank man who came to docklands in the mid-1980s to establish his bank's presence

in the area. Made redundant, he joined the Isle of Dogs Community Trust, becoming its director in 1991.

The trust, which was set up in 1989, raises funds from the business community and distributes them within the local community. It has to date given about £200,000 to a variety of organisations. Bids for grants of up to £1,000 are considered and the trust also has other funds to help larger self-help projects. Mr Ward says: "We are helping to create permanent links between local business and community which are of benefit to everyone".

LES WEBBER is chairman of the Docklands Business Club, which was started in 1984 by dockland's "early settlers" when wellington boots were still the order of the day.

Mr Webber, the club's third chairman, says it has suffered in the last 15 months, given the recession and lack of confidence in docklands. But membership has again started to rise, with around 450 names now on the corporate register. They include Ogilvy & Mather, BT, Tate & Lytle and recent newcomers Texaco.

A prime role for the club, apart from lobbying everyone and everything from ministers to Commons select committees on behalf of the business community, is to encourage networking between local companies. He believes the club's future is now secure.

Mr Webber is also well-known locally as an executive of Builder Group, the trade press publishers, which has itself invested £8m in docklands premises. "I believe in banging the drum for Docklands. Unless people already here get off their backsides and shout about the attractions, then our own investment in the area is being eroded," he says.

One of the single biggest investments in Docklands is London City Airport, perched on the Royal Docks and run by WILLIAM CHARNOCK, managing director. Mr Charnock arrived in early 1988, the year after the airport opened for business. The controversy surrounding the airport was still in full swing and, as the complex has expanded, its impact on the local community has been the raw material of local newspaper headlines.

Mr Charnock charts the enormous changes at the airport which have taken place



Peter Turlik: strategist



Malcolm Hutchinson: bright future



Eric Sorenson: wide experience



William Charnock: confident

since his arrival, and is confident that, despite the turbulence surrounding its expansion, its future is now looking brighter. Speed of access to the airport, despite its proximity to the city, has been unreliable because of the weak transport links and the slim choice of destinations has inevitably restricted its popularity. No big airline operators have come in, and, as yet, there are no domestic, onward links.

But several new services are to be introduced in the coming months and there will be faster access from the City following the opening of the new docklands highway – "from the City and on to your aircraft in 30 minutes. We are compact, quick and friendly," he claims.

Last year the airport handled 187,000 passengers and he hopes 1993 will see up to 300,000 people passing through. The airport, however, is still loss-making, a position which is unlikely to change until between 450,000 and 500,000 opt for London City. Capacity is two million a year.

Mr Charnock, who has a staff of 90 (around 450 people, in all, work around the airport complex) is optimistic – "the year has started very well, the airlines appear increasingly confident and things are looking up." Construction group Mowlem has not, however, yet managed to find a partner to share its load.

Someone who has been involved in the development of

docklands a great deal longer is PETER TURLIK, head of strategic affairs at the London Docklands Development Corporation. A town-planner by profession, he was involved in docklands before the LDDC was born, firstly via secondment to the Greater London Council's docklands joint committee and then to the Department of the Environment.

He joined the LDDC on its formation in 1981 as director of industrial development, with responsibility for vesting in the corporation local land, and for setting up the docklands enterprise zone – "that first Christmas there were 12 of us in the old Fred Olsen shipping building and we kept getting lost every time we tried to get off

the Isle of Dogs through the old timber yards".

Mr Turlik later became director of business development and by 1988 was overseeing efforts to attract overseas investment. As head of strategic affairs, he oversees the LDDC corporate plan, which is submitted annually to the DoE.

He thinks the corporation has used the last two, difficult years well to retrench and prepare for the next phase of expansion – "I sometimes have to pinch myself. Things have gone tremendously quickly. We had a lot of luck in the 1980s and we've also had our bad breaks. But we don't give ourselves enough credit for what has been achieved."

Docklands is a new experi-

ence, however, for ROGER COLOMB, a managing director of Texaco, the energy group, which moved into Canary Wharf only weeks ago. As the man in charge of administration, he has been responsible for relocating 1,000 staff, the last arrivals moving in to Westferry Circus at the beginning of March.

Mr Colomb may be a new face and Texaco may be a new name locally but he is keen to make his company an integral part of the local community as soon as possible. He says Texaco has an opportunity to play an important role in the life of Docklands, financially as well as socially, and intends to do so.

The company, with a 1,000-year lease on 330,000 sq ft of office space, has already forged links with local organisations. Mr Colomb says there is "a real opportunity for us to put down some real roots." But his own, daily journey from Buckinghamshire takes him only ten minutes longer than to Knightsbridge so he does not intend to move in to live.

ERIC SORENSON might be forgiven for thinking he has been chief executive of the LDDC for ten years, rather than just over two years. He arrived from the Department of the Environment as docklands' first chief executive and readily admits that the going

has been extremely tough – "the recession, the collapse of Canary Wharf, uncertainty over the Jubilee line and the DoE's own decision not to relocate here gave the impression that the government had become bored with the whole process. It was not the case, but that's how it appeared."

Mr Sorenson, 48, was at the DoE from 1967 until he arrived at the DoE and has wide experience of urban regeneration. He was private secretary to Mr Peter Shore when he was environment secretary and spent three years as head of the Merseyside task force, developing local regeneration projects.

By 1987 he was head of the urban policy unit in the cabinet office and became deputy secretary of the DoE's housing and construction command before joining the LDDC. Last year, he says, the low point but he is optimistic that docklands will soon be back on course.

There is also a new spring in the step of MALCOLM HUTCHINSON, managing director of the Docklands Light Railway. After a rough start which made it something of a local laughing stock, the DLR is regaining its reputation as a modern, fast passenger service linking docklands and the City.

With Brown Root, the US engineering contractors, appointed to manage the system's expansion over the next three years, Mr Hutchinson says: "I am a great fan of Docklands. I am confident it has a bright future and I am determined, with the help of my staff, to play a full part in the area's regeneration."

Michael Cassell talks to some of the movers and shakers who are helping to make Docklands work

## Activists with a fresh spring in their step

## DINING IN DOCKLANDS

## Journey between polar extremes

proved hugely disappointing. Some salmon was completely dried out; and a section of plain-grilled turbot, if more moist, arrived with a large blob of Hollandaise that tasted like rancid butter-icing. The sauce chef's night off? Let's hope so.

Image seems to be a prime consideration in Docklands. New roads that have yet to acquire buildings already have lush rows of trees and shrubs. Materials used in architecture – steel and glass – help to create an image of optimism and a

**Facilities are unlikely to stabilise until there's a more firmly rooted population in place**

bright future.

Even the occasional dockside Georgian dwelling has had its brickwork cleaned so that any glimpse of history now looks sharp and positive.

Commercial Road – the Limehouse section – at least has yet to receive such attention. It looks ripe for demolition. But it is here that you'll find one of the oldest gastronomic links with an earlier era.

"Old Friends" is the descendant of the original venue on West India Dock Road, established just after the war to provide Cantonese food for visiting Chinese sailors. With its tasselled lanterns and flowery wallpaper, there's none of today's Soho-chic about it.

The food is acceptable rather than exceptional: standard Cantonese dishes without the balance or sharpness that you might find in London's Lisle Street.

Three doors up is Tai-Pan – more modern, lighter and airier and offering some spicier

Szechuan dishes alongside more predictable items: soft shell crab with peppercorn salt, Mongolian lamb wrapped in lettuce leaves and wonderful chow nor lok, king prawns in their shells in a tomato sauce.

Heading east towards Silvertown, Beckton and London City Airport, I suddenly realised what a conundrum Docklands has become as I stood near Gallions Reach and looked back at the Isle of Dogs.

Here are still vast expanses of land and water virtually untouched with almost village-like communities tucked away that seem a million miles removed from the shimmering towers and wharves further west. Fine dining doesn't exist, but occasionally you will find an established neighbourhood restaurant doing well.

The Woolwich Tandoori in North Woolwich, next to a boarded-up pub and an empty Chinese take-away, represents the East End rather than Docklands, and is doing a rather more down-to-earth job than most of the eateries you will come across.

Here, *tandooris* and *biryani* are fine, served pleasantly in a gold and mirrored cave.

This cosy air is in marked opposition to the colder, more brittle edge of the newer hotels in the area. The Britannia International has both Jenny's Carvery and Crompton's *a la carte* restaurant, neither of which manage to either comfort or challenge. Anywhere still cooking dishes (let alone describing them thus) such as *Canard à l'Orange* or *Suprême de Volaille Kiev* deserves a suspicious gaze.

My theory was born out by a very pedestrian dish called "Surf & Turf" which not even king prawns and tarragon butter sauce could revive.

Across the river in Rother-

hithe, the Three Crowns Restaurant in the Scandic Crown Hotel is barely an improvement. The centre piece is a *smörgåsarbord* for both lunch and dinner. It is unremarkable save only for the fact that the owners are Scandinavian – and you'd have thought they would know a thing or two about such buffets. (I bet you don't get rough-cut smoked mackerel, flavoured ordinary prawns and dreary wilting garishes at the Oslo or Helsinki branches).

Thankfully, there is hope on the horizon and his name is Sir Terence Conran. Not content with Le Pont de la Tour and the Blueprint Cafe at the Design Museum, there's a new, more informal eatery, the Cantina del Ponte. And, as if that wasn't enough, a new chop-house in Butler's Wharf to be unveiled later this year.

I have no desire to inflate Sir Terence's reputation at the expense of anyone else's, but it should be said that this is one of the few places where you are virtually assured of being served something more than half way decent. And, the combined effect of this cluster of eateries seems to me to be in the true spirit of what Docklands is all about. A model of cool, well-designed business efficiency, reflecting the spirit of the age.

The new Cantina del Ponte majors well on fresh pizzas and calzone, simple grills and fresh salads. A risotto of tomatoes and baby spinach was heavenly, and a calzone with three cheeses, aubergine and basil had perfect texture and taste.

Just when you think you've had your fill, there's also a collection of shops to enable you to take the experience home with you in the shape of fine olive oils, basil plants and fresh breads. Conran has

proved that you can take a site and bring in enough people to make it pay.

Others have not been so fortunate. With buildings filling (then emptying) on the Isle of Dogs, restaurateurs have seen their business ebb and flow.

The Waterfront on South Quay Plaza has recently closed and is now doing bar snacks. Instead, a ship, Le Passarelle, also moored on South Quay as a restaurant, was towed away earlier this month.

Facilities for dining in Docklands, it would seem, are unlikely to stabilise until there's a more firmly rooted population in place. Then, hopefully, restaurant entries in the London Docklands Guide might overlap more often with those in the Good Food Guide.

Local establishments include:

□ Manzi's Seafood Restaurant, Turnberry Quay, off Pepper Street, Glengall Bridge, E14. Tel: 071 538 9515.

□ Old Friends, 659 Commercial Road, E14. Tel: 071 790 5027.

□ Tai-Pan, 655 Commercial Road, E14. Tel: 071 781 0118.

□ Woolwich Tandoori, Pier Road, North Woolwich, E16. Tel: 071 511 2818.

□ Britannia International Hotel, 163, Marsh Wall, E14. Tel: 071 515 1551.

□ Scandic Crown Hotel, 265, Rotherhithe Street, SE16. Tel: 071 231 1001.

□ Le Pont de la Tour, 36d Shad Thames, Butlers Wharf, SE1. Tel: 071 403 0287.

□ Cantina del Ponte, 36c Shad Thames, Butlers Wharf, SE1. Tel: 071 403 5403.

□ Blueprint Cafe, Design Museum, Shad Thames, Butlers Wharf, SE1. Tel: 071 378 7031.

Simon Parkes

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Opera/David Murray

# Enterprising 'Soundbites!'

The BOC Covent Garden Festival, a highly various affair, got underway this week. At the Donmar Warehouse on Tuesday and Wednesday we had "Soundbites". There was loose talk in advance about the commissioned "10-minute" pieces, in fact the norm for the five mini-operas - three commissioned, two older pieces by Gerald Barry and the late Stephen Oliver - was about twice as long as that. The company was the ENO's Contemporary Opera Studio (artistic director David Pountney), whose musical director David Barry and the producer and designer David Fielding achieved more than creditable results for every work.

The composers, it seemed, were allowed to draw upon only a modest band: string quartet, flute, clarinet, harp and keyboards. In fact Sally Beamish used only three of them for her *Ease*, and Barry's 1977 *The Garden* just a whimsical cello and piano. But the striking thing (so to speak) was the absence of any percussion whatever, unless you counted the type-writers in *Ease*; even five years ago, I believe, the notion that a bunch of young composers might forego percussion would have seemed wildly improbable.

There was not a single synthesiser to be heard, nor any taped sounds; there were TV sets in David Horne's *Jason Field*, but their screens showed nothing. And where the teenage opera-composers reviewed here (glumly) by Andrew Clements last week resorted wholesale to Minimalism - it enables you to write many more minutes of music with much less effort - there was no trace of that at the Donmar. Barry's *Things that gain by being painted* does offer minimal music in another sense, its

*The striking thing (so to speak) was the absence of any percussion whatever, and there was not a single synthesiser to be heard*

score sounded fluently effective, without promising that further acquaintance would discover anything more strongly coherent.

*Ease* is a punning title, for its "E"s are the suicidal Emma Bovary and Elzener Marx, who made the first English translation of Flaubert's novel. In Edward Kemp's text they become ghostly, anguished intimates, to no great purpose, though Miss Davies and Margaret Preece enacted them with fervour. The Beamish score sports some interesting, short-breathed ideas of its own, but scarcely turns the situation into music-drama. At different, confident extremes, the music of Horne's *Jason Field* and Colin Huehns' *Solid Assets* lent far more vital charges to their texts.

In the former, a 27-year-old labourer meets - perhaps only in imagination - the parents of a 12-year-old boy he has murdered. In the cast-list they appear simply as Mother, Father and Son, which suggests how their instinctive family roles will reach across the dreadful confrontation. Overlapping sung lines left many details inaudible; but in any case, what Horne has through-composed is really a dramatic cantata *à la* one, one with an instrumental ensemble as prominent and as urgently expressive as the voices. The idiom is up-to-date but palatable and clear, and respectful of British tradition (he is a Scot); it struck me that *Jason Field* seemed a natural descendant of, say, Vaughan Williams' *On Wenlock Edge*.

Huehns is plainly a natural theatre-composer. Meredith Oakes's rhyming text for *Solid Assets* is a wry, neatly amusing sketch, and Huehns finds bright musical touches, sometimes bare-faced devices, for bringing it all to crisp life. As a "gross", middle-aged art-lover who is happy to pay millions for an ancient Egyptian piece that is now less than dust, the baritone Karl Morgan Daymond was no less apt and sonorous than as the homicidal young hunk in *Jason Field*; this singer has a fine career before him. The role of the art-dealer allowed MacKenzie-Wicks at last to exercise his lyrical tenor to best effect, and Miss Horne made a doughty art-widow. Huehns is bound to go off in some enterprising direction; it will be interesting to learn which one he chooses.

Festival sponsored by the BOC Group, with support from Guardian Royal Exchange and American Express

Ballet/Clement Crisp

# The Netherlands Dans Theatre 2

Netherlands Dans Theater has a second, smaller, younger ensemble, NDT2, made up of dancers who are being groomed to join the main troupe (NDT1, you may recall, also exists - a ghetto of performers who are identified as being old but still able to function on stage. The mind shrinks from the idea of what might be found in an NDT4.) NDT2 is at Sadler's Wells with a repertoire all too familiar in its concerns. "Never mind the steps; think of the message" is the motto for the NDT companies, but moral worth and, I suspect, political correctness, are fatal impediments for choreography.

I saw the second of two programmes on offer this week, and though it proposed the work of four choreographers, there was little differentiation between

the pieces. Hans van Manen's *Shortland* found three men and three women in figure-hugging shiny black plastic leotards - they looked like animated caviar - who struggled, posed, made-duets (one, of course, for a couple of chaps) and behaved in rather stolid, and possibly Dutch, fashion. These activities sat rather oddly with Stravinsky's *Gswald* score, but I do not find that musical aptness is the banner under which NDT often sails.

Two other works - Ohad Naharin's *Passamezzo* and Jiri Kylian's *Stoolgame* - I have reported on before. The first is an awkward courtship ritual between a hideously dressed couple - she tries to get her man with a display of sagging limbs and very determined winter underwear; he has forgotten to put on his trousers

while Tudor songs are sung. It lasts, thank Heaven, only ten minutes. The second is grimly determined about an individual fighting with a group and turning into a martyr, while a tiresome sound-track by Arne Nordheim is played. (The music is probably ideal for NDT because it was assembled as a result of Nordheim's having seen Soviet troops preparing to crush the Prague Spring uprising.) The angst hangs heavy on the vine.

The closing piece of the programme is Paul Lightfoot's *Step Lightly*, in which four girls and two men fling themselves about on the ground - like Old Man River, they just keep rolling along - and suggest that they are enjoying really juicy nervous break-downs. It is accompanied by Bulgarian folk songs

performed with steel-cutting timbre by a women's chorus. (My own belief is that peasantry are better employed doing something useful in the fields.)

Much of this nonsense would be inadmissible were it not that the NDT2 dancers are very impressive. The men are uniformly excellent, moving with big, flashing dynamics, taut and clear in energy. Among them Urtz Aranburu and Miguel Rodriguez are exceptionally fine. The women are pleasing - if generally less challenged by the choreography - and in *Step Lightly* I was taken by the airiness and delicacy of Catherine Ries's dancing. They all deserve better things.

NDT 2 is at Sadler's Wells until May 22

Concert/Antony Thornecroft

# Nanci Griffith: country girl

Nanci Griffith was a school teacher before she became the self-appointed guardian of country music. And don't you know it. Her Wednesday night appearance at the Albert Hall was as much a lecture as a concert.

Not that it was boring: Griffith is too much of an enthusiast, and too, well, odd for that. She has a Texan drawl that stretches into Oklahoma. She also has a disarmingly minny speaking voice which miraculously converts into a resonant tone curlier when she finally gets around to singing.

But the most mesmerising thing about her performance is her ability to centre the universe around her girlish shoulders. Without Nanci, you are

made to feel, country music would have gone the way of the drawing room ballad. Fortunately she has playing the guitar in her hand both the "greatest acoustic guitar player in my life time" as well as "my favourite singer-song-writer". It was a relief that the percussionist's life time achievement was that he came from Hemele Hempstead.

The whole performance is one long roll call of inspirations and good friends. We learn, rather remarkably, that Nanci, and the equally decorative Emmylou Harris, spend their New Year Eves playing lonesome country duets. Other singers actually dropped in on the concert. Carolyn Hester, the primal force behind Grif-

fiths decision to go on the road, turned up to chorus on "Boots of Spanish Leather", and a crinkly Ralph McTell was happy to share the verses on Nanci's latest single "From Clare to Here", which he wrote. By the final rousing version of "It's a hard life wherever you go", the eleven musicians on stage had even been joined by the guitar tuner.

Actually Nanci Griffith has good reasons to present herself as the incarnation of country. She was plugging a latest album "Other voices, Other rooms", which is devoted to songs by contemporaries and precursors, one precursor stretching back to 1877. It made for a strange blend of the personal and the universal. We

learned a great deal of Nanci Griffith's experiences with the security system at Dallas Airport; we also heard her covers of fine songs by Tom Paxton and Townes Van Zandt.

It has taken Nanci Griffith many years to reach her current eminence. For decades her songs were hits for others; now in repaying the compliment she has somehow appropriated the entire country music catalogue. The audience sat in quiet reverence. Griffith has obviously moved swiftly from school teacher, to head mistress, to chairman of the governors. There is a great deal of steel inside the frock.

Nanci Griffith is touring the country until early July

Concert/Richard Fairman

# St. Petersburg Philharmonic

round that this is still a marvellous orchestra and Jansons a conductor unrivalled today for sheer excitement?

Any implication that their performances together are merely over-dramatised must quickly be put to rest. The Prokofiev was high on adrenalin, as was Rakhmaninov's Second Symphony after the interval, but half the intensity comes from the scrupulous way in which Jansons has rehearsed the orchestra, so that every note, every dot and dash of the score are in the right place. (I do not refer here to the cuts in

the symphony's finale, where many pages were missing completely.)

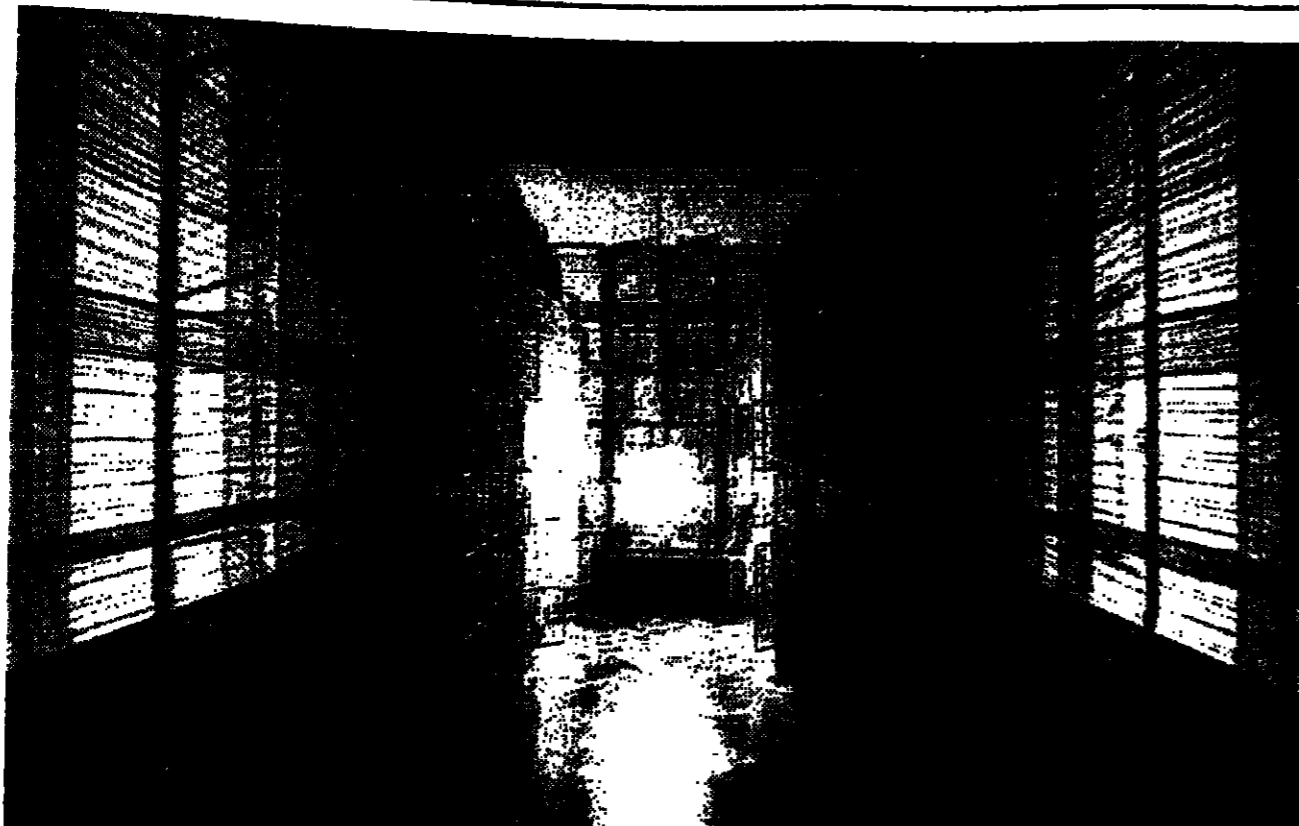
The ensemble was exact. The inner ear of the orchestra balances the music superbly. Yet for much of the evening the playing sounded mushy. Why? Part of the reason will probably have been the unusual layout of the instruments, which put first violins and basses (top and bottom of the aural spectrum) on the left, middle strings and brass together on the right - an arrangement which clearly did not work.

The rest, I fear, was down to

the Barbican's acoustics, which not for the first time souped up a visiting orchestra's best efforts. It was very noticeable that nothing sounded better than the opening of the slow movement, where the exemplary solo clarinet was accompanied by rustling violas and pizzicato basses. As soon as the rest of the orchestra came in, clarity and focus of sound were lost as cross-echoes bounced back and forth.

For a performance of this symphony that had passion, lack of indulgence, an absolute grip on the music from first to last, it would be difficult to improve upon this conductor and the St. Petersburg Philharmonic. If only the swashbuckling Jansons could have stayed the Barbican acoustics while he was about it.

Mona Hatoum, Arnolfini Gallery, until 6 June. 16 Narrow Quay, Bristol, BS1 4QA, telephone 0272 299191.



'Light Sentence' by Mona Hatoum at the Arnolfini gallery. It can also be seen at the Serpentine

# Uncomfortable installations

Lynn MacRitchie reviews the disturbing work of Mona Hatoum

The exhibition of the work of Mona Hatoum at the Arnolfini Gallery in Bristol demonstrates that it is possible to observe the progression and growth associated with work in the more conventional media such as painting and sculpture just as far chosen to work in those media generally considered more extreme - performance, video and installation. Examples of Hatoum's video works of the 1980s are included in the exhibition, along with new installation pieces and smaller objects, giving an excellent opportunity to study the progression over a decade of the work of an artist committed to exploring some of the darker aspects of the human condition.

While her subject matter is frequently disturbing, Hatoum is quite clear where the priority in her work lies. "In the process of developing a piece of work, I go through a rigorous paring down of all that is superfluous to arrive at a precise and contained form. Always in my work, in all its manifestations, whether it is performance, video or installation work, formal considerations are of primary importance."

Hatoum is a Palestinian, born in Beirut, who studied in London at the Byam Shaw and Slade schools from 1978 to 1981, thus finding herself safe while her family faced the horrors of civil war. An enduring theme of her work, whether expressed quite obviously in her early performances, in which she endured actual discomfort and pain and not a little danger or in the latest installation pieces, is the expression of physical and mental unease.

In earlier pieces this was equated with her own disablement through blindfolding or entrapment in containers of mud or

plastic body bags, while the spectator looked on uncomfortably, hoping that actual injury would not be the price of the artist's dedication to this particular choice of formal means to manifest her explorations of torment and fear.

In the new installation pieces, the spectator is almost further confounded, experiencing in their own person the dislocations and conundrums the works use to such powerful effect. I doubt whether anyone approaching "The light at the end" made in 1989 and exhibited at the Hayward Gallery in 1990 as part of The British Art Show will forget their moment of real fear on approaching the six red neon strips suspended between a metal frame at the end of a dimly lit enclosed space and discovering that the piece did not just resemble a grid of radiating elements but was in fact exactly that, the sensation of growing heat and danger as one approached not counterfeited but only too real.

Her recent installations, while not involving actual danger, still pack a physical punch. At the Arnolfini, the first room contains a new work, at first glance an exemplary minimalist composition. Sheets of thick plate glass fill the space between two iron girders which support the roof. The wall to the right is covered in sheets of metal, of the same proportion as the sheets of glass. Both glass and metal are studded with smaller metal plugs, marking off the space at regular intervals in a grid pattern. It is not certain whether these have a structural function, or are entirely decorative. Nor is it certain why their outline, unlike that of the larger elements, is unclear. Closer inspection - for the ambiguity of the shapes invites closer inspection - reveals that they are small

magnets, thick with iron filings, their role as spatial indicators subverted by their other, inescapable function as part of a natural and ineluctable process.

Nothing is at it seems: even the calm perfection of minimalism, the artist reminds us, must in the end be subject to the darker forces of nature, just as we, as human beings, are subject to the darker forces which make us into the persecutors of our fellows.

Those who do not wish to journey to Bristol may see its second large scale piece, "Light Sentence", concurrently exhibited in London, where it forms part of the Serpentine's "Four Rooms" exhibit of installation works. It is simply constructed, of ready made industrial elements, wire mesh lockers and a bare light bulb. The lockers are arranged to form a curve, at the centre of which the bulb ascends and descends, controlled by a motor. Its motion, almost imperceptible in itself, causes a mesmerising pattern of ever shifting shadows to be traced on the enclosing walls, enveloping the shadow of the spectator within their traces.

In the elegant spaces of the Arnolfini, the work is menacing but also richly beautiful. At the Serpentine, its windows blocked off to accommodate the piece, darkness and threat become its most powerful characteristics, the haunting beauty of the play of light becoming secondary to a menacing sense of enclosure. Our shadows are part of its structure: we have been trapped in our admiration, complicit in an experience which is darker than it seems.

## INTERNATIONAL ARTS GUIDE

This year's June Festival in Zurich is entitled Japan in Zurich. The theme takes account of growing artistic links between the two, and an awareness that the Swiss and Japanese have certain traits in common - including a spirit of independence and industriousness.

The performing arts line-up is headed by the Kinzo Komparu Noh theatre, Holohi Okamoto's life-size puppet theatre and Yukio Ninagawa's well-travelled and much-acclaimed version of Euripides' *Medea*, starring the Kabuki actor Tokusaburo Arashi. Zurich's Tonhalle Orchestra gives concerts under three Japanese conductors, including its former music director Hiroshi Wakasugi, and with several Japanese instrumental soloists. There will be performances of a new Viola Concerto and several other works by the Japanese composer Toru Takemitsu. The music programme also places strong

emphasis on Japanese choral music, traditional and modern chamber music, and Japanese drums.

There will be a retrospective of the film-maker Yasujiro Ozu (1903-63), whose films on everyday subjects attracted little attention in the west during his lifetime, but are now recognised as masterful reflections of the human condition. There will also be exhibitions of Japanese children's book illustrations, poster art, brushwork calligraphy, folk-art and Noh masks, as well as a representative selection of work by contemporary Japanese artists.

For anyone visiting or living in Zurich, the Japanese theme will be hard to escape: the main train station will have a Japanese garden and sun canopy, the Bahnhofstrasse is being decorated with steel representations of animals designed by Akira Yoshizawa, and the Stauffacher district is being transformed into Little Tokyo (Tickets and enquiries: Billettzentrale am Werdermühlplatz, tel 221 2283).

### EXHIBITIONS GUIDE

**AMSTERDAM**  
Van Gogh Museum Walter Sickert retrospective. Ends May 31. Also Courtauld in Japanese Prints. Ends Aug 29. Daily Rijksmuseum The Jacobus Klaver Collection: 100 Dutch 17th and early 18th century drawings. Ends July 25. Closed Mon Stedelijk Museum David Robillart

(1952-88), British painter-poet. Ends June 1. Daily  
**ANTWERP**  
Musée Royal des Beaux-Arts Jacob Jordaens: large-scale retrospective of the baroque painter born 400 years ago. Ends June 27. Closed Mon Rubenshuis Rubens Cantoor: 80 drawings from the Danish royal collection of designs and study materials used in the 17th century Flemish master's office. Ends June 27. Closed Mon  
**OSLO**  
Oslo Lieve Vrouwekerk Antwerp altar pieces of the 15th and 16th centuries: 16 restored examples of the retabel, a sculpted middle with two painted side panels on hinges, thousands of which were constructed in and exported from Antwerp in the late middle ages. Ends Oct 3. Daily  
**BARCELONA**  
Fundació Joan Miro Joan Miro: large-scale centenary exhibition. Ends Aug 30. Closed Mon Museu Picasso Kasimir Malevich (1878-1935): 42 oil paintings on loan from St Petersburg. Ends June 6. Closed Mon (Carrer Montcada 15-19)  
**BERLIN**  
Neue Nationalgalerie Beyeler Collection: outstanding private Swiss collection of early 20th century paintings. Ends Aug 1. Closed Mon  
**Alte Nationalgalerie** Oscar Reihart Collection: paintings by 19th century German, Austrian and Swiss artists. Ends Sep 12. Closed Mon and Tues  
**Martin-Gropius-Bau** American Art in the 20th Century: a monumental survey containing 200

works by 60 prominent artists, focusing on art produced between 1945 and 1970, when America became the dominant force in art. Ends July 25. Closed Mon  
**Altes Museum** The Etruscans and Europe. Ends May 31. Closed Mon  
**DRESDEN**  
Albertinum Giorgio Morandi (1890-1964), Italian still-life painter. Ends June 6. Also Gottfried Kuhl (1850-1919), German impressionist. Ends June 9. Closed Thurs  
**Zürcher** 18th century Chinese pink porcelain from Dresden collections. Ends Sep 22. Closed Fri  
**EDINBURGH**  
Scottish National Gallery of Modern Art Recent British Sculpture: 20 works by sculptors born after 1945, including major works by Cragg, Deacon, Wilding and Kapoor. Ends June 27. Daily  
**FRANKFURT**  
Deutsches Architekturmuseum Peter Joseph Lenné (1789-1866): 280 drawings and plans by one of the great Prussian garden and town planners, on loan from the state collection at Potsdam-Sanssouci. Ends Aug 8. Closed Mon  
**Städt. Dan Flavin**: installations 1989-93 by the American artist. Ends Aug 22. Closed Mon  
**LONDON**  
Tate Gallery Georges Braque: prints from private French collections. Ends June 27. Visualising Masculinities. Ends June 6. Daily  
**National Gallery** 18th and 19th century paintings and drawings from Lille. Ends July 11. Paintings from the Bowes Museum. Ends June 20. Daily

**Royal Academy of Arts** Georges Rouault 1903-20. Ends June 6. Daily  
**Hayward Gallery** Georgia O'Keeffe retrospective. Ends June 27. Also James Turrell installations. Ends June 27. Daily  
**Accademia Italiana** Italian Art Treasures, including works by Guercino, Domenichino and Caracci. Ends July 25. Daily  
**Marborough** Graphics Graham Sutherland as Printmaker 1950-80. Ends June 12. Closed Sun  
**Barbican** The Sixties. Ends June 13. Daily  
**LUGANO**  
Villa Favarita 19th and 20th century paintings and watercolours from the Thyssen-Bornemisza Collection. Ends Oct 31. Open Fri, Sat and Sun only till June 20, thereafter daily except Mon  
**Villa Malpensa** Francis Bacon: a large number of well-known works, plus youthful efforts and designs for carpets and furniture. Ends May 30. Closed Mon  
**MANCHESTER**  
City Art Gallery Tim Head: retrospective of one of Britain's foremost artists, including photographs and paintings remain produced since 1984 and two new installations. Ends July 4. Daily  
**NEW YORK**  
Metropolitan Museum of Art Drawings from the Getty Museum: 120 works by Titian, Raphael, Fragonard, David, Dürer, Rembrandt and many others. Ends Aug 8. Abstract Expressionism: works on paper from the period 1938-67 by 19 American artists. Ends Sep 12. The Havemeyer Collection: 450 works ranging from

French impressionists and old masters to Asian art and Islamic pottery. Ends June 20. Closed Mon  
**Museum of Modern Art** John Heartfield: powerful political images by the German inventor of photomontage. Ends July 6. Closed Wed  
**Whitney Museum of American Art** 1993 Biennial. Ends June 13. Closed Mon  
**PARIS**  
**Centre Georges Pompidou** Matisse 1904-17. Ends June 21. Closed Tues  
**Grand Palais** The Century of Titian. Ends June 14. Also Amenophis III. Ends May 31. Closed Tues, late opening Wed (ave du Général Eisenhower)  
**Musée Picasso** Picasso and the Bulls. Ends June 28. Closed Tues  
**Louvre** Copier-Créer: from Turner to Picasso, 300 works showing how artists copied the great masters - initially in order to learn, later for creative interpretation and ultimately for provocation, exemplified by Duchamp's Mona Lisa with a moustache. Ends July 26. Closed Tues  
**Le Louvre des Antiquaires** The Shine of Pewter: 300 jugs, plates and dishes recreating 16-18th century table settings. Ends July 17. Closed Mon (2 place Palais Royal)  
**Musée du Luxembourg** Roman Wall Paintings around Narbonne. Ends July 4. Closed Mon (19 rue de Valenciennes)  
**Petit Palais** The Splendour of Russia: a thousand years of goldsmiths' work. Ends July 18. Closed Mon

**ROME**  
**S Michele** a Ripa Borghese Collection: works by Titian, Caravaggio, Rubens, Raphael and others, on show in this consecrated church while the villa in the Borghese gardens is being restored. Ends Dec 31  
**Palazzo Venezia** Rome under Sixtus V. Ends May 30. Closed Mon  
**American Academy** David Hammons and Janis Kounellis: an installation in the gardens of Villa Aurelia, suggesting a dialogue between two artists of diverse cultural backgrounds but sharing a similar vision of art. Ends June 27. Daily  
**WASHINGTON**  
**National Gallery of Art** Great National Paintings from the Barnes Foundation: 80 Impressionist, post-Impressionist and early modern works by Renoir, Manet, Picasso, Gauguin, Matisse, Braque and others. Ends Aug 15. The Great Age of British Watercolours 1750-1880. Ends July 25. Daily  
**National Museum of American Art** Masterworks from American Art Forum Collections 1875-1935: paintings by Albert Bierstadt, John Singer Sargent, Edward Hopper and others. Ends July 5. Daily  
**Phillips Collection** Augustus Vincent Tadic retrospective of the early American abstract artist, ranging from turn-of-the-century Impressionist landscapes and decorative murals to his abstract style of the 1920s and later. Ends Aug 22. Daily  
**National Portrait Gallery** American Art at the 1893 World Fair. Ends Aug 14. Daily

**CAMBODIAN** The calendar on the wall of a Pakistani-managed UN police station north of Phnom Penh has only one entry for May 23: "Election - Inshallah (God willing)." In spite of a continuing civil war, in spite of the failure to implement the peace plan signed by the four main Cambodian factions in Paris in 1991, and in spite of threatened attacks on polling stations by Khmer Rouge guerrillas, the United Nations is grimly determined to go ahead with Sunday's election.

Nearly \$2bn has been committed to one of the UN's costliest and most criticised peace-keeping operations. Short of an overwhelming upsurge of violence, it is unlikely that the UN will risk further attacks on its performance by cancelling or postponing the election, being contested principally by the government communist party (the Cambodian People's party or CPP) and the royalist party, Funcinpec.

Mr Yasushi Akashi, who leads the 22,000 peacekeepers of the UN Transitional Authority in Cambodia (Untac), said yesterday that political parties had held more than 1,500 peaceful meetings during the six-week campaign period, but admitted that the five-day elections would be held in less than satisfactory conditions.

"We are going through this important chapter in the history of Cambodia, in the history of south-east Asia, in the history of the UN itself," Mr Akashi told Untac staff this week in a rousing pre-election pep-talk. The election itself would be "fairly respectable and credible", he added.

But the obstacles to a "free and fair election" in Cambodia in the "neutral political environment" outlined in the Paris peace accords have been evident for many months. Untac was charged with monitoring a ceasefire, but the two principal combatants - the Khmer Rouge and the Phnom Penh administration installed by Vietnam in 1979 - never stopped fighting. Untac's mandate was confined to peace-keeping, not peace-making, and it was not allowed to impose peace by force of arms.

The Khmer Rouge also denied Untac access to most of its strongholds in the north-west and refused to disarm its guerrillas or regroup them in cantonment areas in accordance with the peace

## Ballot despite the bullets

Cambodia's continuing civil war is unlikely to stop Sunday's election, says Victor Mallet



Bloody campaign: Hun Sen (left) and Prince Norodom Ranariddh

plan. With Khmer Rouge fighters still at large, the other factions decided to keep their own soldiers armed.

This year the Khmer Rouge withdrew from the peace process altogether and threatened to disrupt the election: the government, meanwhile, mounted a campaign of assassination and intimidation against its remaining election rivals, which Untac was unable to stop.

Mr Akashi managed to persuade Funcinpec, which says at least 50 of its supporters and officials have been killed, and the Buddhist Liberal Democratic party (BLDP) to stay in the running; their withdrawal would have further undermined the election's credibility.

But even if it is deemed reasonably fair, with no serious outbreaks of violence or vote-rigging, the election's outcome is not guaranteed to bring peace to Cambodia, or to allow the UN to withdraw with its reputation intact.

Consider the options. If the government wins, it will achieve the international recognition and foreign aid denied it since the Vietnamese invaded and overthrew the Khmer Rouge regime 14 years

ago. France and Russia both favour a government victory.

Mr Hun Sen, the prime minister, says that if the government wins, it will treat Khmer Rouge guerrillas as "armed bandits". The idea would be to wear down the Khmer Rouge until it becomes a containable left-wing insurgency that can be eventually defeated.

The newly-elected government would still be riddled with corruption. But, like its patron in neighbouring Vietnam, it would probably be quick to accept economic reforms and might even adapt to the democratic ideals enshrined in the Paris peace plan in coming years.

Unfortunately, many Cambodians and western diplomats doubt that the government would be able to crush the Khmer Rouge. If the CPP wins, the opposition parties are likely to cry foul and point to the UN's own numerous reports of government human rights abuses and intimidation during the campaign. Some defeated opposition leaders may even join the Khmer Rouge, as they did in the years before the peace agreement.

"If the CPP wins, we've got another Angola on our hands," says one UN election officer,

referring to the decision by Mr Jonas Savimbi, the Angolan opposition leader, to resume fighting after the communist government in Luanda won the Angolan election.

While the Khmer Rouge guerrilla force is not thought strong enough to hold important towns, it has used the 19 months since the peace deal to enlarge its presence in the countryside, partly by seizing territory from other factions.

Though China may have stopped backing the Khmer Rouge, Thai generals and businessmen remain its staunch supporters. The elusive Pol Pot, leader of the Khmer Rouge, has a house in eastern Thailand and has close relations with the Thai military.

The government is by no means certain to win. A Funcinpec victory would at least convince most observers that the election result was fair. Funcinpec has only a vestigial army and has been on the receiving end of government-sanctioned attacks on its campaign workers and supporters.

Prince Norodom Ranariddh, the Funcinpec leader, has promised to try to appoint his father Prince Sihanouk as a Cambodian president if his party wins. Prince Sihanouk, backed by China, has spoken of the need to bring all four factions, including the Khmer Rouge, into a government of national reconciliation.

However, few believe that if Funcinpec wins the government - with more than 200,000 soldiers, policemen, and militiamen will hand over power to a party which it regards as infiltrated and easily influenced by the Khmer Rouge.

"The UN must make sure that power will be transferred to whoever wins the election," says a somewhat hopeful Mr Ung Huot, the Funcinpec election campaign manager.

If the election proceeds and results emerge on schedule in early June, even an outright winner may decide that it is wiser to form a coalition government. As one western diplomat puts it: "We are not going to wake up on the May 31 and find ourselves with an ideal political situation."

Untac's mandate is due to expire in August, and pressure is mounting for a withdrawal because of the rising cost and the dangers to UN staff. But many UN officials believe some kind of presence will be required for the foreseeable future no matter who wins the election. For Mr Akashi, who once described his job as suitable for a "masochist", the pain is not yet over.



Mr Kenneth Clarke is a jolly chap, full of warm beer and words like "judgment", "common sense" and "reasonable decisions" - the home secretary who personifies England. It is he who, following a waffly intervention by Mr Robert MacLennan, Liberal Democrat, replied: "In response to the honourable gentleman, I ask him to go away, lie down in a dark room, keep taking the tablets and think carefully about whether the Liberal Democrats have an opinion one way or the other on the merits of any of the proposals that I have just announced."

That is the authentic voice of the cheerful thug at his most cheerful and his most thoughtless. It earns him this season's second prize for the most successful speech announcing a government retreat from a previous position; the first is still firmly in the grasp of Mr Douglas Hurd, although whether he earned it defending Maastricht or failing to defend Bosnia is a fine point. The foreign secretary can make the most guilt-ridden slide down the back drapings of policy seem like an elegant drawing room pirouette. The home secretary simply puts his foot on the bar rail, his elbow on the counter, looks up at the house and asks: "What're you having squire?"

What the Commons is having is bar-room wisdom from a politician who was highly rated for having roughed up the nurses when he was health secretary and the teachers when he was at education, which is to be overrated. On Mr Clarke's performance is perpetually diminished by hindsight. Do not mistake the import of this seemingly harsh judgment. Everything has a

context. When you consider the home secretary's colleagues - men such as, say, the chancellor, or the first lord of the Treasury - our hero stands out as certainly their equal and, some venture, their better.

True, he did not leave either of his two previous departments in a condition of smoothly oiled perfection. That accounts for his less than triple-A overall rating. But his quick wit, his bonhomie and his willingness to tackle powerful interest groups should take him far in this administration, in spite of what can now be seen as questionable results at health and education.

None of this has much to do with the principal task of the Home Office, which is to protect us from criminals. We should not blame Mr Clarke for that. His preoccupation, like that of his fellow-ministers, is with the office politics of his chosen profession. Who will be promoted, where to, and when? These are the motivating questions. A healthy concern about such matters keeps ministers from trying to invent any new policies. That is to the good. Most policies, especially on crime, are neutral. Some, such as the elements of the government's own brand-new criminal justice bill that the home secretary reversed last week, may be positively harmful. Few do any good.

The figures tell the tale. Between 1979 and 1991 the government increased the number of police by 12 per cent. This enhanced force succeeded in putting 6 per cent more people in prison. It was a wasted effort. For during the same period the number of recorded

crimes rose by 112 per cent. This does not mean that the actual number of crimes more than doubled. Criminal statistics are the most misleading of all measures of anti-social behaviour. People have become increasingly willing to report crimes, particularly violent crime. Anecdotal evidence supports this view.

It is also clear that nobody has a sure-fire answer to the problem. Professor David Pyle, senior lecturer in economics at the University of Leicester, has produced a paper\* whose depressing conclusion is that there are few novel approaches to crime in which the benefits outweigh the costs. It is even more depressing that the production of such a thesis

has been sponsored by Securicor Services, but that is the age in which we live. It is, however, clearly possible to sup with Securicor and go home with an independent mind. The best that the author can say of the privatisation of crime prevention is that the case is "not proven". The professor looks at neighbourhood watch schemes, electronic tagging and the privatisation of prisons. "There may be dangers," he says, "in placing too much reliance on the private sector in this field." Policing, which is a "public good" should be financed through "compulsory public subscription".

Prof Pyle is no kinder to us

soppy old liberals. For he tells us that the remedies popular in the bar-room do apparently work. Various studies demonstrate that increases in the certainty and severity of punishment can be effective in reducing crime. This may be news to the Home Office, if not to its political head. As to which is better, "certainty" or "severity", the conventional wisdom is again challenged. The rise in police strength necessary to make it more likely that criminals will be caught is seen as less cost-effective than simply sending more offenders to prison, for longer periods. This will be disputed by those whose basic discipline is sociology rather than economics. Liberals will, however, enjoy his finding that "recorded property crime is much more closely related to the level of economic activity in England and Wales than had previously been thought".

One remedy does stand out. Most crimes of violence are caused by drunkenness; the majority occur after pub closing time, especially at weekends. Prof Pyle postulates a market solution, namely raising the price of alcohol. This might be reinforced by encouraging the sale of low-alcohol beers and wines; his analogy is the differential tax that has brought about a switch to unleaded petrol. "There seems to be no reason why such a policy would prove to be ineffective, even if, as seems likely, the demand for alcoholic drink is price inelastic," he writes. Mr Clarke is the ideal minister to propound such a scheme. "Common sense," he would mutter. "Stands to reason." It could do both him, and our Saturday nights, a modicum of good.

\* *An Economist Looks at Crime in Britain. European Policy Forum/Social Market Foundation, 20 Queen Anne's Gate, London SW1H 9AA*

Joe Rogaly

## Raise a glass to Mr Clarke

The home secretary has the authentic voice of the cheerful thug - useful in defending government retreats

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 3938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Importance of whaling to Japanese society

From Mr Fumio Yoshino.

Sir, Although Robert Thomson's several articles (Whaling ban wins strong US backing, May 11; Whale sanctuary vote set for today, May 12; and Japan irked by rejection of whale plan, May 14) were all informative and objective, I nevertheless feel that additional information is needed in order to inform non-Japanese readers about the tradition and importance of whale meat in Japanese society.

It now appears to the average Japanese person that a fever called "environmental protection" has dominated the international whaling commission seminar in Kyoto.

Of course, Japanese people fully realise that the whaling ban proposal does not stem

from any hostility towards our race.

However, what we are uneasy about is the implicit lack of understanding of our way of living.

Japan's fish catch was 96.9kg per person in 1991 compared to 14.9kg per person in the UK and 19.5kg in the US.

Nevertheless, the level of imports of marine products in this country exceeds that of our exports more than three times.

Our daily calorie intake comprises 13.1 per cent of marine products, compared to 17.7 per cent of meat such as beef, pork and poultry. (Seaweed, which the Japanese love and consume in large amounts, has no calories.)

The consumption of whale

meat in Japan can perhaps be likened to the consumption of snails in France. Without snails no Frenchman would die, but to take away this cherished foodstuff would no doubt cause great commotion and much disgruntlement.

Japanese people realise that this peculiar dish is a speciality to a particular country, but we would never consider doing away with the custom of eating such a dish.

The Japanese are said to have a history of whaling dating back to before Christ, although we only began eating meat roughly 100 years ago, after centuries of abstinence for religious reasons.

Since the introduction of meat into Japan, our tastes have certainly changed. We

now consume more than twice the amount of meat that we did 20 years ago.

The opinion that the whale is a great symbol of nature and that the mammal is some kind of higher form of animal seems strange to me.

I feel that the only hope of proceeding with discussions at the seminar in Kyoto is to base them on a mutual understanding of different ways of living. Otherwise the commission would simply be a witchhunt by culturally less intelligent people who could not accept other peoples' values.

Fumio Yoshino, associate professor of economics, Takasaki City University, Takasaki, Japan

## Simpler way to encourage use of Ecu

From Mr Ben Coleman.

Sir, Lord Cobbold suggests some interesting ideas for easing the introduction of a single European currency ("How to make the Ecu user-friendly", May 12). A simpler way of encouraging use of the Ecu might be to improve the general ability of companies, particularly smaller ones, to manage their foreign exchange exposure and, in so doing, show them how the Ecu can be useful now.

While many large firms already use the Ecu to hedge against overseas exposures, smaller ones are often unaware of even basic Treasury management techniques and of the Ecu-based services their local banks offer.

A study we undertook for the European Commission last year revealed that most EC banks offer a comprehensive range of Ecu-based services. It should be easy to set up an Ecu bank account for payments made to and received from several EC countries, thus reducing exchange costs. Equally, assuming overseas purchasers agree, there are few problems in invoicing in Ecus, which lessens the risks of volatile exchange rates. The main obstacle is ignorance.

Both the Commission, as promoter of the Ecu, and our own resident Department of Trade and Industry, as promoters of overseas trade, might like to consider how they could assist small firms to manage foreign currency exposure better.

Ben Coleman, European business unit, Sloy Hayward, 3 Baker Street, London W1M 1DA

## Headline earnings per share figure may allow confusion and manipulation

From Mr Ron Paterson.

Sir, I see that your published company statistics will in future use the "headline" earnings per share figure proposed by the Institute for Investment Management and Research, which broadly seeks to distinguish trading results from capital items. You are confident that their formula provides a "factual and robust" basis for the statistics on which your readers rely. That may not be entirely justified.

Your decision has no doubt been provoked by dissatisfaction with the all-embracing earnings per share figure now required by FRSS. However, the Accounting Standards Board chose that figure precisely because the headline

numbers which many people prefer cannot deliver what they promise.

As my firm has commented to the IIMR, headline earnings per share will not in practice be "factual and robust". That is because the seemingly attractive theoretical distinction between trading performance and capital gains and losses does not work in practice.

An example concerns the costs of closing down a business. The headline earnings per share figure is supposed to exclude the costs of discontinuing the business, but to include trading results during the run down period. This distinction will often be meaningless, if not impossible to make.

There is a danger that earnings per share figures based on these distinctions will be misunderstood and that misconceptions about the "important" figures in accounts will be created. Experience has shown that focusing on an intermediate figure in the profit and loss account tends only to corrupt the figure itself. In making this change, you are in danger of putting the clock back and undermining the ASB's efforts to promote a deeper analysis of accounts rather than reliance on a simplistic and manipulative ratio.

Ron Paterson, Ernst & Young, Rolls House, 7 Rolls Buildings, Fetter Lane EC4A 3NH

## UK shipbuilding policy riddled with anomaly

From Dr John Tomoney.

Sir, Your editorial ("Swan song", May 17) arguing that the downfall of Swan Hunter was inevitable is flawed.

Despite assertions to the contrary, the argument that there is too much shipbuilding capacity in the UK does not stand scrutiny. A reasonable level of success in export markets, together with the Ministry of Defence's plans to procure further logistics and assault vessels as well as Type 23 frigates, suggests that the market will provide enough work for all the warship yards. Indeed, some observers fear that government procurement strategy may be creating a potential capacity shortage, especially of design and technical skills, later in the decade.

The government should take account of this possibility in its dealings with the sector.

Your editorial also ignores both the fact that Swan Hunter has a record of producing merchant ships and that most predictions are for this market to grow in the 1990s, largely because of the ageing of the world fleet.

Swan Hunter is the only UK yard that has a record of producing both merchant vessels and the full range of military vessels in its own right. As a monopolist in the naval sector, the government should have made this a factor in its decision to order the helicopter carrier. More importantly, it should make this a consideration in the vital effort to save shipbuilding on the Tyne.

The position of the government is riddled with anomaly and inconsistency. It allowed a consortium that included Kvaerner, a merchant yard whose contracts have been

supported with intervention funding, to compete with Swan Hunter, whose diversification efforts were hindered by the government's refusal to support an application for intervention funding for the yard. As a consequence Swan Hunter's very future depended on winning naval orders. Good luck to Kvaerner, but where is the logic in all of this?

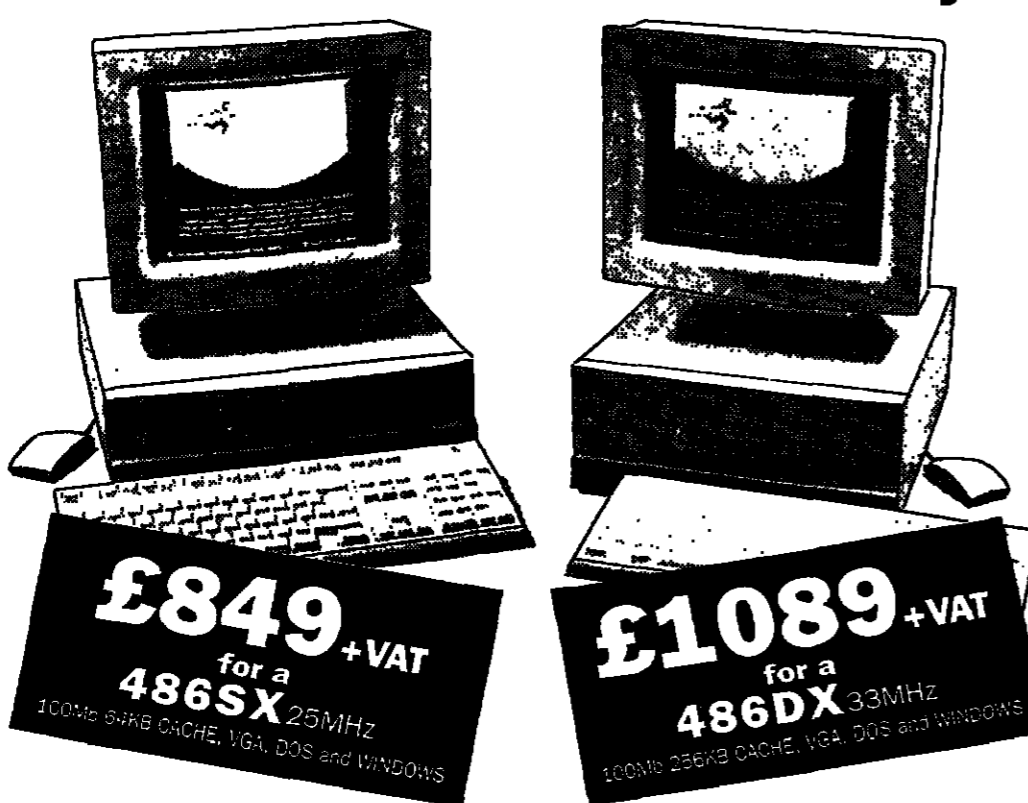
Finally, your implication that because UK yards struggled to maintain market share in the past, the UK should withdraw from shipbuilding seems neatly to encapsulate the reasoning that has underpinned the manufacturing decline that is at the heart of the UK's economic problem. John Tomoney, Centre for Urban and Regional Development Studies, University of Newcastle, Newcastle upon Tyne NE1 7RU



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# FINANCIAL TIMES

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Friday May 21 1993

## Good news on UK earnings

CELEBRATIONS ARE indeed in order. But this is not mainly because seasonally adjusted unemployment has declined for the third successive month, if by a mere 1,400. Far more encouraging is the further fall in pay inflation. The UK now has a chance to secure the stable, low-inflation economy for which so many have suffered so much.

Over the three months to April 8 seasonally adjusted unemployment fell by 52,700. This is unprecedented at so early a stage of an upturn. One explanation for the good news is the strength of the recovery, as shown in data on retail sales and manufacturing output published earlier this week. The "hire and fire" mentality is another explanation, the implication being that the falling unemployment must be set against the huge increases at the end of last year. The inflow into the labour force is also smaller than in the early 1980s.

Against such optimistic views of the prospects must be set the lack of any significant increase in the stock of vacancies, following its jump between January and February. The unexpected declines in unemployment may simply reflect an overhang of jobcentre placement targets last financial year. If so, they will not continue. The picture should be clearer when information on employment in the first quarter of 1993 becomes available in the next Labour Force Survey, due in June.

Less murky, and more encouraging, is the decline in the underlying annual increase in whole economy earnings, to 4.1 per cent. Seasonally adjusted earnings rose 2 per cent in manufacturing in March, but fell 0.6 per cent in services. This divergence, already apparent earlier this year, may reflect sterling's departure from the ERM. Nevertheless, wages and salaries per unit of manufactured output fell by 2.9 per cent over the year to March, because of a 7.8 per cent rise in output per head.

Taken with the Bank of England's latest forecast for underlying inflation over the next 18 months, these trends imply negligible growth in real earnings. One implication is that growth in real expenditure per worker would make little contribution to the recovery in demand. A more favourable one is that real earnings would grow more slowly than labour productivity. That is precisely how to combine deflation with stable inflation. It is also how to increase incentives for employment. Low growth in real wages has to be a better way to sustain competitiveness than fast productivity growth in an economy with some 3m unemployed.

If the underlying increase in earnings were kept to 4 per cent, or less, it would be possible to combine low inflation with modest increases in real earnings per worker. This mixture can give the UK the steady rise in output and employment that it needs. It could even justify the stringent disinflationary policies of the past several years. Mr Major may U-turn elsewhere. On this he must not.

## Danish stimulus

THE violence in Copenhagen perpetrated by a minority of demonstrators has soured a discordant note amid the general relief prompted by Tuesday's Maastricht referendum result. However, the Yes vote has given the Social Democratic coalition an opportunity to bring in a modest stimulus programme for the hard-pressed Danish economy.

Mr Poul Nyrup Rasmussen, prime minister since January, is the current president of the EC council. His personal success in securing a Yes, though based on treaty opt-outs negotiated by the previous government, makes Mr Rasmussen one of the few EC leaders entitled to walk with a spring in his step. He intends to capitalise on this victory by using next month's EC summit in Copenhagen as a platform to launch Community-wide measures to combat the European recession.

Accounting for just 3 per cent of EC GDP, Denmark has limited room to act alone. Furthermore, the tax cuts and accelerated public sector investment announced on Wednesday may not be large enough to boost GDP expansion from 1 per cent this year to 3 per cent in 1994, as the government hopes. But by seizing the opportunity to push for non-inflationary growth, Mr Rasmussen is setting a good example.

With unemployment now 12 per cent after six years in the doldrums, there is no doubt that Denmark needs higher growth. There is also no doubt that the economy is capable of delivering it. Denmark has curbed its spending habits of the early 1980s. It boasts an inflation rate of 1 per cent and a current account surplus. Ironically for a country which wants to steer clear of the plan for a single currency, Denmark is one of the few EC states close to fulfilling the Maastricht targets set down to guide the path to economic and monetary union.

Foreign exchange market doubts about Denmark's ability to stay in the ERM "hard core" have forced the Danish National Bank to maintain high interest rates during the past 12 months. Uncertainties will remain unless Denmark provides evidence it can shake off the damage to competitiveness caused by the European devaluations since last autumn. In view of its ERM opt-out, Denmark has to work doubly hard to convince the markets that it is serious about monetary stability.

However, the gap between short-term German and Danish interest rates, in April as much as 5 percentage points, has now fallen to less than 1 point. Following this week's 1 point cut in the discount rate, there is now room for the National Bank to reduce rates further.

By holding down wage rises and putting up with high unemployment, the Danes have made big sacrifices. Assuming the recession in the larger EC economies - and Germany - does not worsen, Mr Rasmussen now has a chance to show that rigorous economic management can bring its own reward.

## Spending choices

TO PARAPHRASE one of its ministers, Mr John Major's cabinet should come clean about just how deep a hole it is in. The government is heading for the largest primary budget deficit in peacetime. Its commendable target is to cut the borrowing requirement, expected to reach £50bn this year, from 8 per cent of gross domestic product to 3.75 per cent in 1997-98.

If the rate of economic recovery is rapid, some of this may be achieved without pain. Revenue from taxation would then rise sharply while the demand for social security payments fell. Some of the shortfall in revenue could be met by further increases in taxation, but this the government is understandably anxious to avoid. The remaining option is deep cuts in spending.

A strong government would set out its stall then, and invite the public to accept the consequences. The administration moves from flap to exasperation, as it did yesterday over suggestions that the Treasury was pressing for the withdrawal of the National Health Service from dental care and the scrapping of free prescriptions for all but the poorest.

To his credit, Mr Michael Portillo, the chief secretary to the Treasury, has been graphic in his delineation of the problem, but necessarily cagey about possible solutions. The trouble arose when talk of NHS cuts stole headlines from a prime minister who had spent a day working under Maastricht.

On Wednesday Mr Portillo said that something would have to give. At question time yesterday Mr Major read out a long prepared answer which suggested that, while everything remained open, the idea of making worse-off pensioners and parents of sick children pay for their prescriptions could not have been further from his thoughts. Fine, but he should have explained that the deficit could not be tackled without some inroads being made into previously sacrosanct areas, although he could not say which ones.

That would be a reasonable if tough line to take. Mr Portillo has been given until next March or April to find and negotiate long-term reductions in public spending. There will be plenty of interdepartmental fighting between now and then. An interim result can be expected in the autumn, when the expenditure limits for 1994-95 are announced. Genuine reductions should at that time be demanded of most departments. Will the government be able to make them stick?

In the present climate there can be little confidence that it will. A government reversal of policy is no longer a surprise. The Conservatives are divided; their majority is small; the house is fractious. The cabinet cannot always have its way; any rebellious dozen of its supposed supporters can prevent it from doing almost anything. The budget deficit is too serious a matter to be left to these parliamentary high-jinks. Mr Major must spell this out, and thereby reassert his leadership.

The irrationality of financial markets is sometimes remarkable. A few weeks ago, the fear on Wall Street was that the US economic recovery had ground to a halt. In the past few days that concern has been replaced by fear of galloping inflation.

The price of gold - still regarded by many small investors as the ultimate hedge against inflation - has surged and is now 15 per cent higher than in early March and the yield on long-dated bonds climbed briefly above 7 per cent, on worries that the Federal Reserve might begin to tighten monetary policy.

When the Fed concluded its policy meeting this week without signalling an immediate rise in interest rates, there was a collective sigh of relief. On Wednesday, the Dow Jones index rose more than 50 points to a new record. Bond yields and the gold price retreated from earlier highs. But confidence is fragile; the next bad economic number is liable to set off another wave of panic.

Faltering growth and faster inflation are ever-present risks. But both at the same time? If the economy is really slowing, inflation is unlikely to pose a threat and vice versa. History suggests that "stagflation" is a product of "supply shocks" - such as the sudden increases in oil prices that hit the world economy in the 1970s. Nothing of that kind is happening today.

The most legitimate source of concern lies in Washington politics. With conservative Democrats, Republicans and Texas billionaire Ross Perot all taking pot shots at the Clinton economic plan, the fate of the deficit-cutting package is uncertain. If the end result is a substitution of bigger spending cuts for some of the tax increases, markets will be well pleased; but the risk is that the various factions in Congress will be unable to agree on anything.

Meanwhile, if you allow for the "noise" that seems to envelop nearly every US statistical series, the stagflation fear looks greatly overstated. Inflation probably has passed its low point for this business cycle, but it seems unlikely to gather momentum rapidly. At the same time, the vigour of the US corporate sector suggests the outlook for growth is better than widely appreciated.

Mr Paul Mastroianni, senior economist at J.P. Morgan, the New York bank, notes that business investment in new equipment has accounted for about a third of total economic growth in the past year even though this sector represents only 8 per cent of gross domestic product. Equipment investment was up 14 per cent in real terms in the first quarter of this year against the same period of last year. This star-

## No need to hit the panic button

The growing fear in the US of higher inflation and faltering growth looks exaggerated, says Michael Prowse

ting rate of growth helps explain why business leaders showed no interest in the temporary investment tax credit proposed in President Bill Clinton's economic plan but since axed by Congress.

The investment surge is being led by huge purchases of computers and other information processing equipment. Investment in these items (which now accounts for 45 per cent of all equipment investment) was up more than 21 per cent in real terms in the year to the first quarter. But other categories of business capital formation are also doing well: investment in transport equipment and general industrial equipment was up 11.5 per cent and 7.5 per cent respectively.

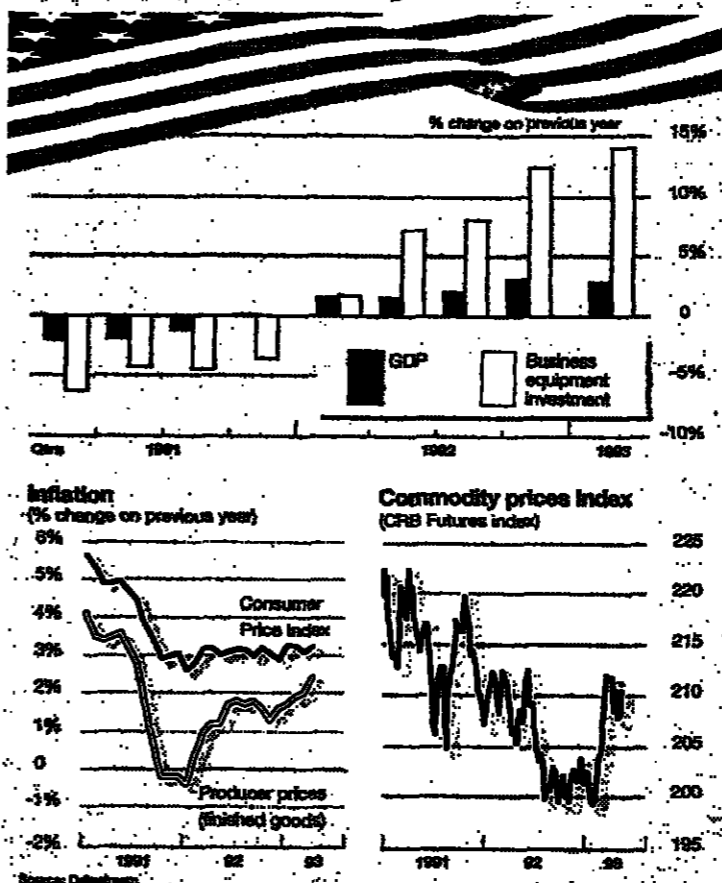
Capital formation is admittedly recovering from a relatively low base. But the investment recovery looks secure because it is underpinned by higher profits and productivity following extensive corporate restructuring. After-tax profits rose 10 per cent last year and may rise by nearly 20 per cent this year.

Productivity was up 3.3 per cent last year, the sharpest increase for a decade. Gains in service-sector efficiency slowed productivity growth in all sectors of the economy to 2 per cent a year, or about twice the average rate in the past two decades.

The investment-driven recovery reflects a special feature of this upturn: it is the first in recent decades to occur spontaneously, that is, without a big artificial boost from fiscal or monetary policy.

Fiscal policy could not be loosened because of the huge federal deficits carried over from the 1980s. The Federal Reserve has eased monetary policy, but not as quickly or as sharply as in some previous business cycles. Real short-term interest rates are roughly zero, rather than negative; long-term real rates are 3.5 to 4.0 per cent, high by historical standards.

US investment-led recovery



The federal government's inability to lead a hand together with "structural" impediments - such as defence cuts and weak balance sheets in the personal and corporate sectors - explain the halting recovery. The ballooning of the trade deficit in March may result in first quarter growth being revised down to an annual rate of as little as 1 per cent. This sounds awful, but it follows growth at an annual rate of nearly 5 per cent in the fourth quarter and is merely the latest of a succession of "growth dips" since the economy stopped contracting two years ago.

More recent data is mixed but on balance quite encouraging. Housing starts and retail sales rebounded in

April after bad weather hit businesses in the first quarter. Car sales early this month were well above first quarter levels. Industrial production and payroll employment, however, are growing only slowly. But provided consumer confidence does not sink further, the economy seems capable of an annual growth rate of 2.5 per cent this quarter, rising to perhaps 3 per cent in the second half of the year.

Americans are frustrated by the slow recovery. But it may be no bad thing. The lack of an artificial public-sector stimulus means that companies, rather than consumers, are taking the lead; ultimately this could result in a more durable upturn. But will inflationary pres-

ures force the Fed to tighten monetary policy and ruin everything?

Superficially, there are grounds for concern. Sharp increases in consumer and producer prices in April were the third set of bad figures in four months. Since the beginning of the year, the consumer price index has risen at an annual rate of 3.9 per cent against a 2.9 per cent increase last year. This cannot all be put down to distortions such as a surge in the price of fresh vegetables following bad winter storms. The "core" consumer price index - which excludes the volatile food and energy components - has risen at an annual rate of 4.5 per cent since January.

Some of the Clinton administration's policies are also having an adverse effect. A ruling to block steel imports has allowed US steel companies to raise prices sharply. The yen's sharp appreciation is forcing Japanese companies to raise US prices. Instead of concentrating on regaining market share, US competitors seem to be following suit.

Yet it is hard to get too alarmed. Industrial capacity utilisation rates are well below the levels that sparked inflation in the past. Wage pressures are subdued, reflecting the 7 per cent jobless rate. Unit labour costs were up only 1.4 per cent in the year to the first quarter, reflecting the improvement in productivity.

Price increases, moreover, have been bunched in the first four months in each of the past three years, casting doubts on the quality of seasonal adjustments. Some of the biggest sources of price pressures in recent months, such as higher air fares and tobacco prices - are already being reversed.

Bond markets are upset because they had anticipated a decline in inflation from 3 per cent to 2.5 per cent. This no longer looks feasible. But few of the leading forecasters expect inflation to rise much above 3.5 per cent this year and some say 3 per cent is still achievable.

In his Delphic public utterances, Mr Alan Greenspan, the Fed chairman, has shown every sign of leaning towards this relatively relaxed view of inflation trends. Under his leadership, the Fed has sensibly responded to "facts not forecasts".

At some point in the next month to a year, the Fed presumably will have to prove its anti-inflation credentials by raising short-term rates. But when that crucial turning point arrives, Mr Greenspan will want to confront a sceptical Clinton administration with incontrovertible evidence of the need for action. With unemployment high and the vigour of the recovery still a matter of debate, he does not yet have that compelling evidence.

## IMF leads where others must follow



PERSONAL VIEW

"Much ado about lending", by Edward Balls and John Lloyd (May 12, 1993), had too much ado about gossip among unnamed officials, and more than a little misinformation about help provided in the past and now made available to Russia and other transition economies by the International Monetary Fund. Readers may be misled into believing that money is about to be dispensed without regard for the pace and quality of economic reforms. Such misperceptions could harm the reform process and western support.

A closer look at what transpired last year would have helped Mr Balls and Mr Lloyd to appreciate why the IMF recently initiated a fresh approach. They might have avoided repeating the myth that only \$1bn of an original \$40bn aid package (for Russia) was disbursed in 1992. In fact, the IMF alone disbursed \$1bn. Bilateral credits and European Community disbursements totalled another \$16bn, and

formal debt rescheduling plus the accumulation of arrears conferred effective debt relief of \$14bn. Views may differ on how to count all this against the ill-defined \$24bn promised by western governments but everyone should understand that Russia, by standard measures of external financing applied by the IMF to all countries, effectively received financing of about \$30bn.

Russia could have obtained more help by now from the IMF and elsewhere, and be closer to a stable market economy, if it had been able to adhere to the economic and financial programme the government drew up last summer. Unfortunately, support within Russia for halting inflation and accelerating basic reforms was not broad enough, and crucial supporting institutional arrangements were not in place. Credit expansion by the central bank and the government's budget went badly off track, while most legal and institutional reform failed to accelerate.

The problem was not that "the IMF tried to nail down too many details", but that the government and central bank did not implement

their own programme. From long hard experience in many countries the IMF has learned that the devil is usually in the details. Successful implementation of a stabilisation programme requires that the authorities themselves pay full attention to the details. Some states of the former Soviet Union and other transition economies have also encountered unanticipated difficulties in sustaining economic reform programmes, although by contrast the three Baltic states have had considerable success so far, and not by ignoring the "details".

What could be done? Long before any Group of Seven pronouncements, the IMF was evaluating ways to help transition economies to focus on the preliminary steps necessary in vital areas before they

could execute comprehensive, fully articulated economic programmes. Concern was also mounting over the deteriorating external payments situation facing many of them, due to the collapse of state-directed trade and payments systems and to abrupt hikes in oil and gas import costs as energy prices were raised towards world market levels. An innovative form of IMF engagement was needed, and quickly.

The solution devised was a special temporary lending window, similar to others set up by the IMF in the past, with a more concentrated, streamlined version of the conditionality associated with traditional IMF standby credits. That is where Mr Balls and Mr Lloyd are especially wide of the mark: far from jettisoning "financial considerations", the chief element for countries to qualify for the new IMF loans will be adoption of the critical measures needed to move towards financial stability. Mr Lawrence Summers is right: conditionality is being focused, not weakened.

In all its lending operations the IMF seeks credible assurances - including initial actions - that

sound financial policies will indeed be taken by borrowing countries. Only then does the IMF begin to disburse. Further drawings are conditional on agreed indicators of financial stabilisation being met.

The IMF's new "Systemic Transformation Facility" (STF), to provide modest opening round help to hard-pressed transition economies, was unveiled to strong support from its executive board. The ensuing Tokyo endorsement by the G7 of the IMF proposal was gratifying, but equally vital will be additional G7 financial support. A large G7 bilateral aid package for Russia is welcome, but support for the other transition economies, many highly interdependent with Russia, has still to be announced. Here again the IMF is taking the lead - the first STF drawing has just been approved for Kyrgyzstan. The G7 and others must soon follow.

Richard D Erb

The author is deputy managing director of the International Monetary Fund (IMF)

## OBSERVER



'As my lawyer, you should know that I'm as innocent as the Guildford Four but not as innocent as the Guildford Four'

from my successors is integrity and competence."

He departed with none of the razzmatazz that marks Hanson's meetings. There was no carefully orchestrated speech by a big city figure, nor any offer of an honorary life presidency. Just a few words from his old colleague Norman Ireland and Sir Owen was off.

### Grave economies

Even death no longer provides South Korea's citizens with an escape from their government's national austerity campaign. The

ministry of health and social affairs has pronounced a ban on unduly ornate tombs for ancestors.

To shame ostentatious descendants into conforming, the ministry has published a list of 109 cases of excessive tomb embellishment, of which 55 have already been corrected by the removal of stone statuary and the like. The posthumous offenders included former law-makers, several leading businessmen, and Unification Church leader Moon Sun-myung.

### Testing time

If you are interested in how honest business types can slip off the rails, don't forget to watch It's a Scam on BBC2 tomorrow night.

In the last of the current Hypotheticals series, Professor Arthur Miller of Harvard Law School does a first rate job cross-examining a group of leading British businessmen employed by an imaginary company. Out of a cast list which includes Sir John Quinton, Lord Spens and Sir Nicholas Goodison, it is less well-known types such as Kingfisher's Nigel Whitaker, Michael East of Eastcastle Management, personal assistant Fiona Alfred, and Roger Pincham of Gerrard Vivian Gray, who turn in the best performances.

However, the real star of the show is G Ware Travelstead, the US property developer. Watch him and it's easy to see why he is about

the only person to have made money out of Canary Wharf.

### Not so happy birthday

Things have looked pretty bleak for Franz Steinbühler, Germany's cigar-smoking top trade unionist, in the past few days, after all the publicity about his dealings in Daimler-Benz shares.

So nice to note that, just in time for his 56th birthday yesterday, he has been getting a few loyal messages among the flood of predictable calls for his resignation.

The engineering union loyalists quoted an old proverb from the Ruhr, to the effect that: "It's the chap who does the work who makes the mistakes. An idle bloke never blunders."

While the Mercedes works councils say Steinbühler is an embarrassment (he sits on Daimler's supervisory board), the boys at Volkswagen (where he's also on the supervisory board) say magnanimously they think a bit of solidarity is in order even if their leaders are prone to err.

Wonder who'll be sending greetings for his 57th.

### Smoked out

Burglars trying to open a building-society safe in Littlehampton early yesterday were caught red-handed by the arrival of the fire brigade. The smoke from the robbers' blow torch was spotted by a resident, who raised the alarm.

## Danish vote may increase confidence in other currencies Yes may mean nein for D-Mark

By James Blitz in London

DENMARK'S vote in favour of the Maastricht treaty has given a boost to the project of European union. But dealers in financial markets wonder whether the Danish Yes has also signalled the start of a long-term decline for the mighty D-Mark on the foreign exchanges.

Over the last 12 months, the German currency benefited greatly from the turmoil in the European exchange rate mechanism, as currency and bond dealers sought a source of stability.

But as Maastricht gets back on track, there are signs that dealers are regaining confidence in currencies and bonds outside the D-Mark bloc. This process threatens to lift the veil on fundamental weaknesses in Germany's economy and its public finances.

"The poor fundamentals underpinning the German currency are becoming gradually exposed," says Mr Avinash Persaud, of UBS, the Swiss investment bank. "I anticipate the D-Mark will soon be one of the weakest of the major currencies."

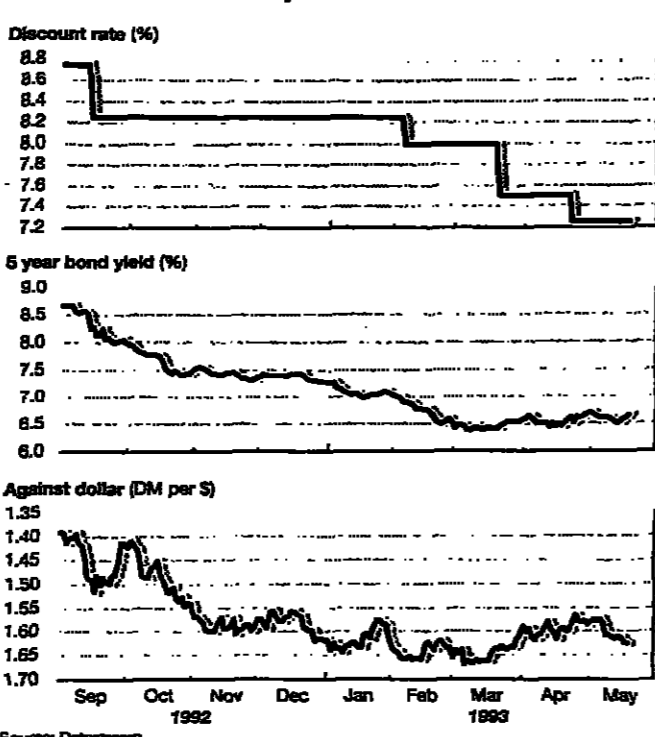
This week, the Danish vote has already triggered a sharp outflow of "hot money" from the D-Mark into other European currencies and bonds.

In recent months, international investors had bought the D-Mark as a way of hedging against the possibility of further devaluations of currencies like the Danish krone, the peseta and the escudo.

But the last three days have seen a one-off flow of funds out of the D-Mark, lifting sterling, the Italian lira and the Iberian currencies, while weakening the D-Mark and German government bonds.

Simultaneously, there has been a surge of short-term investment in the dollar, following US consumer inflation figures that show

How the D-Mark depreciated



a 3.7 per cent rise in the first three months of this year, from just 3 per cent in the previous quarter.

Some dollar investors believe the data may have given the Federal Reserve's open market committee, which met this week, a reason to raise short-term US interest rates - a move that would increase the premium on short-term dollar holdings.

Initially, the developments in Denmark and the US may only affect flows of hot money between the main currencies. But several longer-term factors are forcing institutional investors to ponder the weighting of D-Marks in their currency

and bond portfolios.

● The increase in Germany's current account and budget deficits, as a result of reunification, has raised fears about a build-up of the D-Mark denominated paper on the world's bond markets. For 1993, the Federal deficit forecast has risen from DM43bn (\$26.5bn) to DM70bn. But this figure still appears implausible to many analysts.

● With German GDP set to fall by about 2 per cent this year, the Bundesbank is also likely to reduce short-term interest rates further, thus reducing the premium for investors holding D-Marks.

It is also in the interest of the government and central banks to pull down short-term rates as quickly as possible in order to alleviate the funding burden and attract investment into longer-dated bonds.

● Several Bundesbank council members have raised concern that a weakening D-Mark would raise the prospect of imported inflation.

But Mr Steve Hannah, a director of IBI International, believes that it will be difficult for the Bundesbank to respond to this danger by tightening monetary policy.

"If the D-Mark falls independently of German interest rate cuts, the Bundesbank might have to slow its easing of monetary policy to keep the D-Mark strong, worsening the recession," he said.

The Bundesbank's hope must be that, as interest rates come down, there is an orderly depreciation in the D-Mark. But the long-term outlook for the D-Mark remains far from certain.

The D-Mark remains an important reserve currency of European central banks and the proportion of foreign exchange turnover in D-Marks has increased in recent years.

But a parallel is often drawn these days between the D-Mark's current situation and the way in which the dollar's status as a reserve currency has been gently eroded in the last 30 years by the build-up of America's trade and budget deficits.

received in direct subsidies, soft loans and credit guarantees since 1978, when the company first ran into difficulties, the federal economic ministry has turned a deaf ear to calls for fresh money.

For the state Social Democratic government, keeping Saarstahl alive is vital. The state already has the second-highest unemployment rate in western Germany after Bremen, home of the Klöckner-Werke plants.

Saarstahl workers believe their state government will rescue the steelmaker from total collapse, as it did when the company was bought back from Arbed of Luxembourg for a nominal DM2 in 1986.

They say the blame lies with Usinor-Sacilor, which, according to Mr Fries of the workers' union, refused pleas for a new capital injection made by the state government, which owns a 27.5 per cent stake.

"Steel is all politics," said Mr Fries, suggesting that job losses mattered less to the French than to the Saarland government. Saarland voted twice, in 1935 and 1955, to be reattached to Germany after falling under French administration at the end of both world wars.

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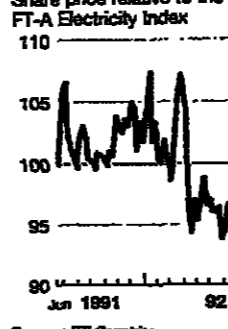
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## THE LEX COLUMN Doling out good news

FT-SE Index: 2816.8 (-2.9)

## Scottish Power

Share price relative to the FT-A Electricity Index



Source: FT Graphite

particularly on exploration and production - will mean a further cash outflow this year.

Those financial ratios might seem comfortable for a pure utility, but the profile of the business is shifting markedly. Even if some of the more radical suggestions are ignored by the MMC, competition in the UK gas business will increase, lessening the security of the utility franchise. At the same time, the heavy investment in exploration and production is taking the company into higher-risk areas which will not start to produce substantial returns until 1995. If the MMC produces a particularly tough report, that might even force a hard look at the dividend. On a milder outcome, the prospects for dividend growth will still be severely limited. The 6 per cent yield on British Gas shares is supposed to reflect uncertainty over the MMC investigation. But unless that review increases the rate of return on the UK gas business, a re-rating looks unlikely.

The unequivocally encouraging point is the further fall in average earnings and the resulting drop in unit labour costs which are 3 per cent below March last year. That points to a recovery based on improved competitiveness with, as yet, no threat to inflation. It is small wonder that sterling took the figures well. The only trouble is that an exchange rate over DM2.50 does not provide much incentive for overseas investors to buy gilts.

As the running in the auctions gets tougher, the government might come to regret that it did not clamp down more in the Budget. It now appears the economy was strong enough to take such treatment.

Only time will tell if there are also structural changes at work, or how far the lower jobless rate also reflects pressure on claimants to leave the register. This time, though, there is a hint of underlying improvement in the small increase in the manufacturing workforce.

With all eyes focused on the Monopolies and Mergers Commission inquiry, there is a tendency to forget British Gas's current financial condition. The result of the investigation will be vital to the company's future, but on any likely outcome life will continue to be pretty tough. With the RPI minus 5 price formula and increased competition, earnings this year are likely to be around 22p a share. That means dividend cover will only be 1.5 times against the company's declared target of a twice covered payout. Interest cover is close to the company's own comfort level of four times. Meanwhile capital expenditure

profits more than four-fold to £3m. BHS doubled its contribution. Mothercare, at last, came back into the black. Storehouse's share rating certainly demands as much. Fortunately, the recovery momentum seems to have a long way to run - although the appointment of a chief executive would help convert the doubters' BHS's sales per square foot remain pitiful in comparison with Marks and Spencer. Mothercare's profit margin is still less than 2 per cent. Yet Storehouse is also laying firm foundations for solid organic growth over the longer term. Although expensive in the short run, the repurchase of property freeholds will lower its future cost base. Its continuing restructuring of store operations will do the same. Storehouse's recovery is a classic example of the benefits of concentrating on core businesses - and the joys of starting from a low base. Would that Burton and Sears were to follow suit.

There is clearly something to be said for being first in the privatisation queue: nervous ministers and merchant bankers tend to err on the side of caution when making business assumptions and pricing offers. It is thus Scottish Power's misfortune to have been the government's third attempt to price correctly the UK electricity industry. The Treasury has managed to trust the business so that it has neither the slack RPI cap of the regional electricity companies, nor the generous dividend cover of the generators. Small wonder, then, that the shares have underperformed the FT-A electricity sector since privatisation.

Yesterday's figures give some support to those who argue that Scottish Power can start to make back some ground. Underlying profits growth was 18 per cent, and the expansion of the interconnector between Scotland and England will provide a growing stream of unregulated earnings. The company's management is also making strides to throw off the cosy pre-privatisation culture. Yet there are worries - most notably the failure to achieve the rate of return on the electricity transmission business projected at the time of flotation. Turnover growth is also likely to be sluggish unless some fierce Scottish winters spark demand. Despite the interconnector, there is little reason to suppose that the shares can yet move to a below-market yield.

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| Deal Size (UK £ thousands) | Commission | Fullly Commissioned | Savings per deal |
|----------------------------|------------|---------------------|------------------|
| \$2,000                    | \$47       | \$25                | 47%              |
| \$8,000                    | \$150      | \$65                | 57%              |
| \$15,000                   | \$211      | \$70                | 67%              |
| \$30,000                   | \$291      | \$85                | 71%              |

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## Democrat rebellion

Continued from Page 1

The Democratic majority in the Senate is also much slimmer than in the House of Representatives - 57-43 in the full chamber and just 11-9 on many committees.

Less clear, however, is how many Republicans will be willing, for the sake of inflicting a defeat on Mr Clinton, to add their names to the Boren-Danforth proposal.

Mr Clinton finds himself caught in a tug of war between the left and right wings of his party, each of which believes the president has been taken hostage by the other.

## Bosnia talks seen as positive

By Jurek Martin in Washington

MR ANDREI KOZYREV, the Russian foreign minister, yesterday said he saw "positive results" emerging from the new round of talks to end the civil war in Bosnia.

He offered no substantiation for his optimism after the first of two planned meetings yesterday with Mr Warren Christopher, US secretary of state, adding only that there was agreement on "basic political principles."

A state department official said Mr Kozyrev had raised "some points worth pursuing", but also declined to elaborate.



## INTERNATIONAL COMPANIES AND FINANCE

## Hungary pledges help for troubled commercial banks

By Nicholas Denton  
in Budapest

HUNGARY vowed yesterday to recapitalise its troubled financial sector after the disclosure in the *Financial Times* that loan losses at Magyar Hitel Bank and Kereskedelmi Bank, the two largest commercial banks, had wiped out their capital.

AV RT, the state holding company, said it would be ready to put proposals on new capital for the banks it owns before the government's economic cabinet in two or three weeks.

A World Bank-International Monetary Fund mission is then due in June to discuss a broader programme to restructure Hungary's problem debtors as well as to recapitalise problem banks, said Mr Teleki, chairman of the AV RT.

Mr Teleki conceded yesterday new capital was necessary but would not comment on a recommendation by the World Bank for an infusion of \$100bn (\$1.1bn) to bring the capital adequacy of the whole banking sector up to 1 per cent of assets on international accounting.

However, an AV RT official said that the World Bank was

considering a package worth upwards of \$400m in structural adjustment and enterprise restructuring loans to help put Hungary's financial system in order.

Mr Teleki's comments came in an angry response to yesterday's publication of data from a confidential World Bank document which revealed that Hungary's top commercial banks were "technically insolvent".

Mr Teleki accepted that Hungarian banks did not meet international norms for capital strength. But added: "That is not the aim. While they are still not privatised there is no point in them meeting international standards."

Hitel Bank yesterday responded to the revelation of its technical insolvency by stressing it remained liquid and stated that it had positive capital under Hungary's more flattering, accounting principles.

Citibank Overseas Investment is to lift its stake in Citibank Budapest to 100 per cent by acquiring a 20 per cent stake from the National Bank of Hungary. Reuter reports from Budapest.

The Budapest-based bank earned pre-tax profits of \$2bn in 1992.

## Warehouse clubs pay price for wafer-thin margins

Nikki Tait analyses the gloom surrounding large discount stores in the US as profits and sales recede

AFTER two decades of heady expansion, has the "warehouse club" explosion in the US come to an abrupt halt?

If so, what does this mean for the nation's large discount store operators, who own many of these cut-price, no-frills retail barns, and whose "everyday low pricing" strategies have dominated the stores sector for the past few years?

The worries are real. Only this week, K mart - in the process of reporting an 80 per cent slump in first-quarter profits - noted that "like-for-like" sales in its 114-outlet PACE warehouse chain dipped by almost 6 per cent during the three months to April.

Waban, which owns the smallest of the five big warehouse club chains, reported a 25 per cent fall in underlying first-quarter profits.

On the west coast, shares in Washington-based Costco, which has plans to introduce warehouse clubs to the UK, have halved over the past year. Even the mighty Wal-Mart Stores has been affected.

Wal-Mart's Sam's Club division, the largest club chain, saw revenues from comparable outlets decline in February and March. That, in turn, fuelled Wall Street's perennial worries over whether America's top-selling retailer would be able to sustain its remarkable growth rate. Wal-Mart shares are flirting with their 52-week low.

Such gloom contrasts sharply with the results established by warehouse clubs over the past 15 years. The concept was born in California in the late-1970s, when an aptly-named entrepreneur, Mr Sol Price, opened the first outlet in San Diego.

Competitors quickly followed Mr Price's lead and club sales erupted. Having stood at only \$2bn in 1984, they rose to almost \$18bn in 1989. Last year, they totalled \$33bn. These advances have come partly from new openings, but some operators - such as Costco - have enjoyed comparable store sales growth in excess of 20 per cent in recent years.

Today, the typical warehouse club outlet comprises a large shack, probably on the outskirts of an urban area and stocked with anything from office supplies to food items, which are sold at bargain-basement prices.

Many of the customers, who usually pay a one-off membership fee, are small businesses. To keep costs down, warehouse clubs carry a limited range of items (perhaps 3,500 to 4,500 compared with a discount retailer's 20,000-plus), have shorter opening hours, and use minimal advertising.

Gross margins in the warehouse club business have always been thin, making sales growth essential to any profit momentum. Now, it seems, this is waning.

"Warehouse clubs have found it difficult to get any real sales growth," says Mr

Walter Loeb, retail consultant. Mr Jeffrey Feiner, analyst at Salomon Brothers, estimates same-store sales growth at Costco and Sam's will probably reach 5 per cent in 1993, way below the double-digit figures seen in recent years.

However, this stagnation, say the pessimists, is only symptomatic of more fundamental problems faced by the warehouse club industry. Clubs are seeing increased competition from a new breed of specialised superstores. These have sprung up in many product sectors, from books to footwear, and, in many cases, have yet to prove themselves in profit terms.

Such outlets are large (at upwards of 100,000 sq ft, they are at least three times the size of an average UK supermarket) and carry an extensive range of products within a clearly defined merchandise category.

The Incredible Universe stores, which Tandy Corporation opened in Texas and Oregon last year is a good example. At about 150,000 sq ft, these outlets are about 50 per cent larger than the average

warehouse club. They are filled solely with electronic goods, from refrigerators to cameras, which are proffered at highly attractive prices. "These power retailers have well-informed sales people to advise on selection," comments Mr Loeb. "They carry competitively-priced products, so many customers no longer regard warehouse clubs as the lowest price source."

He notes that some superstores are devoting part of their store space to warehouse-style racking, bulk-packaged goods and selling at club-style prices.

There is the lack of growth in the economy generally, and in the small business sector in particular. According to Dun & Bradstreet, the financial information group, the number of new business incorporations was on a steady five-year decline between 1986 and 1991, while business failures have been mounting steadily and reached record levels in 1992.

In an effort to stimulate sales, some warehouse club

| US WAREHOUSE CLUBS    |              |                          |                  |
|-----------------------|--------------|--------------------------|------------------|
| Chain                 | Sales (\$bn) | Operating profits (\$bn) | Number of stores |
| Sam's Club            | 12.3         | 270                      | 258              |
| Price Club            | 7.5          | 223                      | 84               |
| Costco Wholesale Club | 6.6          | 184                      | 100              |
| PAGE                  | 4.4          | 3                        | 114              |
| BJ's Wholesale Club   | 1.8          | 30                       | 39               |

Figures at end January 1993.

Source: Loeb Retail Letter

Walter Loeb, retail consultant.

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In an effort to stimulate sales, some warehouse club

operators have been experimenting with new product lines. Costco, for example, has tested garden equipment and professional tools, while others have added drug store products and optical services.

The clubs' success is intrinsically linked to their very tight operating parameters, and the wafer-thin margins leave little room for error. Any significant increase in items offered, tends to result in a disproportionate rise in selling costs.

Club operators, buoyed by the apparent success of their sub-sector, have been opening new outlets at a formidable rate. This has led to congestion in certain geographical regions.

In the Dallas-Fort Worth area, for example, Sam's had more than a dozen stores by the end of 1992. PACE had four, and Price Club, one. Almost two-thirds of these outlets had opened over the past two years.

That said, some analysts think the recent reaction to the clubs' sales slowdown has been overdone.

They note that food items account for over half the clubs' turnover, and that food prices have been falling - meaning that sales in this area have new to run to stand still. That is unlikely to be a long-term trend.

The warehouse club sector may have scope for some further consolidation, alleviating the congestion difficulties. To an extent, this has happened.

An example is the merger of PACE and Price Savers, once owned by Kroger, the super-market group.

"Similar to other retail sub-sectors, we believe that the warehouse club sector will have to undergo some type of shake-out," say analysts at Salomon.

What seems likely is that, if home market growth is slowing, warehouse club operators will be increasingly anxious to expand their horizons. This has started to happen.

Wal-Mart and Price Company, have crossed the border into Mexico in conjunction with local partners.

Price Company, in a joint venture with Littlewoods, and Costco, in which France's Carrefour owns a minority stake, plan to open outlets in the UK. Both companies operate a dozen or more club-outlets in Canada.

Price, while denying that overseas expansion is simply a response to sluggish conditions at home, has a joint venture in Spain and Portugal, where it is looking for sites in the hope of opening its first warehouse on the outskirts of Madrid next year.

However, Price is more cautious about some pundits' suggestions that the warehouse clubs could work well in parts of eastern Europe.

"Eastern Europe is a procurement question," it comments. "One can establish clubs, but will one have products to sell?"

## Storehouse stays in profit after disposals

By Neil Buckley in London

STOREHOUSE, the UK retail group that includes B&M and Mollin, continued its recovery yesterday as it announced a pre-tax profit of £13.2m (£2.4m).

That was slightly down on last year's £15.5m, but was after exceptional costs of £1.1m to cover losses on the sale of the Habitat and Richards chains last autumn. Before these costs, the profit was £14.8m - outstripping City of London forecasts.

Operating profits for the continuing retail businesses rose fourfold to £43m. But Storehouse shares fell 2p to 199p in a subdued market.

Mr Ian Hay Davison, chairman, said Storehouse had "made great progress in the last year on all fronts", and expected sales and profits growth to continue.

Sales in the continuing businesses rose to £965.5m from £889.5m, although total sales fell to £1.1bn from £1.15bn because of the disposals.

Earnings per share after exceptional costs fell to 0.1p from 2.6p. The final dividend was held at 2.5p, for a total of 5p. Lex, Page 18

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## ScottishPower beats forecast for full year

By David Lascelles,  
Resources Editor

SCOTTISHPOWER, one of the UK's power generators, launched the electricity results yesterday with better-than-expected profits, but a dividend that fell slightly below forecasts.

The Glasgow-based company, which engages in electricity generation as well as distribution, made a pre-tax profit of £257m (\$457.38m) in the year ending March 31, an increase of 14 per cent. Analysts had been expecting a figure around

£280m. The shares gained 5p to 315p.

The result included a £23m reorganisation provision offset by a £8.7m credit for a reassessment of energy losses in the system. There was a net interest charge of £3m and a £10.4m net premium charge on redemptions of government debt.

The board is recommending a final dividend of 7.5p, bringing the total for the year to 11.15p, an increase of 10.1 per cent.

The board said this was in line with a policy of providing

sustained real dividend growth, but dividend cover was maintained at 2.5 times.

Mr Murray Stuart, the chairman, described the past year as "extremely active and successful".

The main source of revenue was the company's home market where sales reached £1.2bn, up 5.7 per cent.

The rise came both from a price increase and higher volumes due to the poor weather. Exports to England rose 3.1 per cent to £73m.

These are expected to show further increases as the capac-

ity of the cross-border interconnector is raised.

Turnover in the appliance retailing business rose 87 per cent to £56m, producing a profit of £1.5m, up from £1.2m the year before.

ScottishPower's profits were lifted by further reductions in costs, particularly manpower. Staff numbers have fallen by more than 1,400 to 8,658 in the two years since privatisation, contributing to a 49 per cent increase in operating profit per employee to £41,500 over the period.

Lex, Page 18

## Telefonica improves 17.4% in first term

By Peter Bruce in Madrid

TELEFONICA, the state-controlled Spanish telecommunications monopoly, has reported consolidated group pre-tax profits for the first three months of 1993 of Ptas19.3bn (\$166.4m), a 17.4 per cent increase on the same period last year.

According to figures filed with the CNMV, the Spanish stock market commission, Telefonica's group sales reached Ptas306.5bn, up from

Ptas284.5bn in the first quarter of 1992.

Earlier this month, the Telefonica parent reported first-quarter pre-tax profits of Ptas18.3bn, up from Ptas14.9bn last year, while it paid turnover totalled Ptas292bn, up from Ptas270bn.

The fact that group profits have overtaken the parent's will come as some relief to the company. Consolidated profits last year were hit by losses at some of Telefonica's smaller domestic service companies.

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Lex, Page 18

## REPUBLIC OF POLAND

MINISTRY OF PRIVATISATION  
INVITATION TO NEGOTIATE

As part of the Polish Government's privatisation programme, the Minister of Privatisation, acting on behalf of the State Treasury, in accordance with Article 23 of the Privatisation of State-Owned Enterprises Act of July 13th 1990 (The Privatisation Act), is issuing an Invitation to Negotiate to all suitably qualified parties interested in the purchase of no less than 10% of the shares of:

- three tyre manufacturing companies:

STOMIL Debica S.A.  
STOMIL Olsztyn S.A.  
STOMIL Poznan S.A.

- one rubber processing company:

STOMIL Sanok S.A.

In accordance with Article 24 of The Privatisation Act, up to 20% of the shares of each company will be offered to the employees on a preferential basis. The present invitation to negotiate also encompasses the option to purchase shares offered to the employees pursuant to this article but not purchased by the employees.

The Ministry of Privatisation reserves the right to reject submitted offers or to modify the privatisation procedures, should this be in the interest of the Ministry or the Companies.

## Procedure:

Interested parties should record their interest in the above matter by contacting the undermentioned transaction managers. Information packages concerning one or several of the above mentioned companies will be sent against letters of confidentiality.

## SOCIETE GENERALE

Capital Markets Division - Privatisation dept.  
50 rue Tailbout  
Paris 75009  
France

Attn: Mr. Frédéric Bobo

Mr. Eric Clairefond

Tel.: (33-1) 44-63-78-32

Fax: (33-1) 44-63-69-25

## Banque Indosuez

U.S. \$125,000,000

Floating Rate

Notes due 1997

For the six months 20th May, 1993 to 22nd November, 1993 the Notes will carry an interest rate of 3 3/4% per annum and coupon amount of U.S. \$187.29 per U.S. \$100,000 Note.

Based on the Luxembourg Stock Exchange

Bankers Trust Company, London Agent Bank

## National &amp; Provincial Building Society

Issue of up to £200,000,000

Floating Rate Notes 1999

Notice is hereby given that for the three months 17th May, 1993 to 17th August, 1993 the Notes will carry an interest rate of 6.25% per annum with a coupon amount of £157.80 per £100,000 Note and £1,577.97 per £100,000 Note payable on 17th August, 1993.

Bankers Trust Company, London Agent Bank



## BANK OF GREECE

US\$200,000,000

Floating rate notes 1998

The notes will bear interest at 4% per annum for the period 21 May 1993 to 23 August 1993. Interest payable on 23 August 1993 per US\$1,000,000 note will amount to US\$10,444.44.

Agent: Morgan Guaranty Trust Company

JPMorgan

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U.S. \$225,000,000



## BACOB Overseas Limited

(Incorporated in the Cayman Islands with limited liability)

Guaranteed Floating Rate Notes due 1994

unconditionally and irrevocably guaranteed by

BACOB Savings Bank s.c.

(Incorporated in Belgium as a co-operative limited liability company)

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 18th August, 1993 has been fixed at 3.375% per annum. The interest accruing for such three month period will be U.S. \$86.25 per U.S. \$100,000 Note and U.S. \$862.50 per U.S. \$100,000 Note against presentation of Coupon Number 7.

Union Bank of Switzerland  
London Branch Agent Bank

14th May, 1993

## NOTICE

to the holders of the outstanding ECU 140,000,000 3 3/4 per cent. Guaranteed Subordinated Convertible Bonds due 2002 (the "Bonds")

of

BCP Bank & Trust Company (Cayman) Limited

guaranteed on a subordinated basis by

Banco Comercial Portugues S.A.

(the "Guarantor")

NOTICE IS HEREBY GIVEN to the holders of the Bonds that, as a result of the issue by the Guarantor on 21st May, 1993 of 18,281,000 shares of the Guarantor by way of capitalization of reserves, the Conversion Price of the Bonds will pursuant to the provisions of the Trust Deed constituting the Bonds, be adjusted from Escudos 2,300 per share to Escudos 1,916 per share with effect from 21st May, 1993.

21st May, 1993

BCP Bank & Trust Company (Cayman) Limited

## News Corp \$3bn credit facility complete

By Nikki Tait  
in New York

MR RUPERT Murdoch's News Corporation announced yesterday that it had completed arrangements for a revolving credit facility amounting to \$3bn.

The facility is being provided by a 27-member banking group, and will permit borrowings in US dollars, Australian dollars and sterling.

It has a final maturity date of June 1999 and, according to News Corporation, the facility will cut the company's bank borrowing rates by 75 basis points.

The proceeds from the new facility will be used to repay News Corp's outstanding borrowings under a \$2bn "revolver" facility - set up in early 1991, with 146 lending banks - and a \$901m stand-alone facility for HarperCollins.

The \$3bn refinancing represents a further big step in the restructuring of News Corp's debt. In late 1990, it was facing severe financial problems with debts of more than \$7.6bn.

The company held lengthy negotiations with international banks and after months of talks, it was agreed that about \$7.6bn of debt would be restructured over three years.

## TCI to buy 49% of Televisa cable offshoot

By Damian Fraser  
in Mexico City

TELECOMMUNICATIONS (TCI), the world's largest cable television operator, has agreed to buy 49 per cent of Cablevisión, the cable subsidiary of Mexico's giant media company Grupo Televisa.

As part of the deal, TCI and Televisa will set up a joint venture to develop cable and pay television in Latin America, including Brazil, the region's largest television market.

The new company will benefit from TCI's advanced pay television technology and expand by forming joint ventures with or buying up existing Latin American cable companies, or starting new ones from scratch, Televisa said.

Mr Fernando Diez Barrosa, Televisa's vice-chairman, said: "Together, Grupo Televisa and TCI will build the Spanish and Portuguese-speaking world's ultimate pay television system for information and entertainment. We will deliver limitless product options on-demand into the living rooms of over 360m consumers where the growth of cable and pay television will be explosive."

Cablevisión says it is the largest pay television company

in Mexico, although its main rival, Multivisión, also claims this title. Last year, Cablevisión had 193,000 subscribers, with revenues of nearly \$80m, up 40 per cent on 1991.

Televisa is the biggest and most powerful media company in the Spanish-speaking world with revenues last year of \$1.36bn. It has a near-monopoly in Mexico and stakes in television stations in the US, through Univision, the Spanish-speaking network, in Peru and Chile, and production agreements in Venezuela and Argentina.

However, its dominance in Mexico will come under threat next month when the government privatises two state-owned channels. The favoured bidding group for the state channels includes the owner of Multivisión.

In the US, TCI serves 10.2m customers in 49 states. It also has investments in nine countries - including the UK franchise, Tele-West, in partnership with US West. The Denver-based company has more than 1m international subscribers, and other international joint venture arrangements have taken it into Israel, Sweden, Norway and New Zealand.

## Parametric looks to Asia for expansion

By Andrew Barker

PARAMETRIC TECHNOLOGY, one of the fastest-growing high-technology companies in the US, has begun a big expansion into Asia to tap the market for its mechanical design and manufacturing software.

The Massachusetts-based Parametric, founded in 1985 and valued at about \$1bn on Wall Street, has been rapidly developing its operations in Europe over the past two years. But in recent months it has stepped up its Asian presence, opening direct sales offices to complement existing distribution arrangements.

Mr Louis Volpe, vice-president for marketing and operations, said in London that Parametric wanted to achieve a broad balance between its US, European and Asian sales over the next 10 years.

With turnover doubling in the US each year, this would imply even faster growth in Europe and Asia.

Parametric sees Japan as its biggest market in Asia. Along with other Cadcam vendors, it is keen to exploit the Japanese move from two-dimensional to three-dimensional mechanical design, which is occurring rather later than in Europe and the US.

But Mr Volpe said Chinese companies had expressed much interest in its products. It had also just received the largest-ever Cadcam order from an Indian company, Tata Engineering and Locomotive.

In Europe, Parametric is targeting electronics packaging and automotive companies. It is hoping to use its new Pro/Diaface software for complex body-panels as a way into the European automotive market.

Parametric's sales surged from \$11m in 1989 to \$36.7m last year due to the popularity of its Pro/Engineer family of software products and their applicability to a number of different workstations.

Net earnings over the same period rose from \$2.24m to \$21.1m. The company said in April its second-quarter earnings rose 109 per cent to \$8.8m.

## Fiat tightens grip on Italian market

By Haig Simonian in Milan

THE PURCHASE of the outstanding 51 per cent of Maserati for L75.8bn (\$51.3m) has allowed Fiat, Italy's leading private company, to tighten its hold over the domestic car industry.

Fiat bought 49 per cent of Modena-based Maserati, best known for its expensive sports saloons, in 1989. The acquisition included 51 per cent of Innocenti, the Maserati-owned maker of compact cars.

The agreement to buy out the remaining shares in Maserati follows the illness earlier this year of Mr Alejandro De Tomaso, whose family controlled the company via the New York-listed De Tomaso Industries concern. Mr De

Tomaso's continuing ill-health prompted the decision to sell out.

Maserati made about 1,000 cars last year, well down on its pre-recession output of between 1,500 and 1,900 units a year. The company has been badly hit by the slowdown in sales and is believed to have suffered rising losses in 1992. Sales are divided almost equally between Italy and foreign markets, notably Germany, France and Switzerland.

The seemingly high price for Maserati in view of its financial performance may be explained by the inclusion in the deal of the company's former Lambrate plant on the eastern fringe of Milan. Production at Lambrate ceased recently and Fiat is expected to

redevelop the site as a big new shopping centre.

Fiat said the acquisition would not trigger any change in Maserati's identity nor closer contacts with Ferrari, the prestige Fiat-owned sports car maker also located near Modena.

Fiat's original investment in Maserati was expected to give it a new lease of life, but despite some limited financing, the investment had few obvious benefits for Maserati. That may be explained by the fact that the stake was purchased in the same year as Fiat failed in its bid to take over Saab of Sweden and may have reflected a broader strategy of developing synergies between Fiat's Lancia marque and Saab and Maserati.

By contrast, Fiat has had some success in developing Innocenti, which no longer produces cars, as an additional brand for vehicles from its foreign factories. Innocenti's Elba model is actually the station wagon version of Fiat's Uno model made in Brazil.

GFT, the troubled Tortona clothing and textiles group, said talks on selling a substantial stake to Miroglio, another privately-owned clothing concern, had been broken off by mutual agreement.

The two companies said negotiations between them and with outside partners had revealed "considerable differences in the interpretation of ways of looking at methods of operation in the market".

## Molson suffers downturn

By Robert Gibbons in Montreal

MOLSON, the Canadian brewing and retailing group, says that strength in its brewing and overseas special chemicals operations were more than offset by difficulties in retailing and other problems in North America in the year ended March 31.

The company reported a fall in net profits to C\$113.7m (US\$99.3m), or C\$1.90 a share, for the year compared with C\$126.2m, or C\$2.25, in fiscal 1992.

Sales and other revenues rose by 6 per cent to C\$3.1bn, from C\$2.9bn.

Including a special gain of C\$1.8m after tax from the sale by Molson of 20 per cent of a brewing subsidiary to Miller Brewing of the US, total profit for the latest year was

C\$164.7m, equal to C\$2.76 a share.

Mr Marshall Cohen, president, said that conditions were difficult in some markets and management is taking corrective steps. Molson's brewing profits rose 3.8 per cent to C\$167.6m.

The recession and a poor summer season were offset by higher prices and more efficient production.

Molson Breweries is now 40 per cent owned by Molson, 40 per cent by Foster's of Australia and 20 per cent by Miller.

The link with Miller would raise sales of Molson brands significantly in the US, said Mr Cohen.

Operating profits from Diversy, Molson's special chemicals business, rose 59 per cent, but its North American operations were affected by the recession

and problems with absorbing an acquisition.

Diversy's sales were flat at C\$1.3bn and operating profits fell 9 per cent to C\$70m but US operations are being rationalised and European marketing strengthened, said Mr Cohen.

Hardware retailing was restructured and took a special C\$50m charge.

Molson's new Aikenhead warehouse store subsidiary reported a C\$9.9m operating loss, but should be profitable this year.

It plans 28 stores in Ontario and western Canada by fiscal 1996. Aikenhead is Molson's answer to the invasion of the Canadian market by Home Depot of the US.

The sports and entertainment activities recorded a fall in operating profits to C\$2.9m from C\$3.5m.

## US airline widens talks in Europe

By Nikki Tait

MR Bob Crandall, chairman of American Airlines, says the US carrier has held talks over possible partnerships with a number of European carriers, including Lufthansa, British Midland, Air France, SAS, and KLM Royal Dutch Airlines.

Speaking after his company's annual meeting in Texas, Mr Crandall said: "We haven't been able to structure a deal that makes sense for us and a European partner." However, he said talks were continuing although he did not specify which carriers these involved.

Although talks in the past had covered equity investments, discussions under way now were more about marketing relationships, he said.

## Greek telecoms group ahead

By Kerin Hope in Athens

INTRACOM, the Greek telecommunications equipment manufacturer in which Ericsson of Sweden holds a 12 per cent stake, increased net earnings by 4.4 per cent to Dr6.6bn (\$30m) for 1992 after delays in signing contracts held up production.

Sales rose by 11.2 per cent to Dr33.5bn. They were led by the company's expansion into eastern Europe with the launch of a computerised lottery game in Russia.

Exports amounted to 16 per cent of sales in 1992, compared with 7 per cent in the previous year.

Olympic Lotto, a \$15m joint venture between Intracom and the Russian Olympic Committee, uses hardware and software designed in Greece.

Intracom has also signed contracts with the governments of Ukraine, Bulgaria, Romania and Moldova to set up similar lottery games.

The company also exports specialised software, both for Ericsson's digital switching systems and the GSM mobile telephone system, as well as equipment for IBM personal computers manufactured in Europe.

The company forecasts that turnover will rise to Dr69bn this year following the award

of a Dr50bn contract to modernise the Athens telephone network after several months' delay.

The turnkey project for OTE, the state-owned telecommunications operator, will be partly funded by the European Community.

Intracom is also participating in one of two international consortia setting up competitive mobile telephone networks in Greece. Both networks are due to start operating later this year.

The company projects that investment this year will reach Dr7.5bn, focusing on further automation and improving quality control.

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## INVESTOR AB

### FIRST QUARTER REPORT 1993

#### INVESTOR GROUP

Investor's net worth rose during the period by 2% to SEK 33,226 million (December 31, 1992: SEK 32,415 m.) or SEK 183 (178) per share after full conversion.

The Group reported a consolidated loss after financial items of SEK 542 m., against year-earlier income of SEK 1,148 m.

#### STRATEGIC PORTFOLIO

The value of Investor's portfolio of strategic holdings on March 31 amounted to SEK 23,181 (23,238) m., in principle unchanged from year-end 1992. The Affärsvärlden General Index rose during the period by 9%. On May 14 the market value of the portfolio was SEK 25,872 m.

On March 31 the largest holdings were in Astra, which accounted for 34% of the value of the portfolio, STORA 15%, Incentive 15% and ASEA 13%. The six largest holdings together represented 92% of the portfolio.

#### SAAB-SCANIA HOLDINGS

Consolidated sales of the Saab-Scania Holdings Group amounted to SEK 6,200 (6,800) m. Order bookings amounted to SEK 5,900 (5,800) m. The order backlog at the end of the period was SEK 30,900 (19,100) m.

The income after financial items of the business areas amounted to SEK 266 (499) m. The Group reported a consolidated loss after financial items of SEK 92 m., against income of SEK 211 m. in the corresponding period of 1992.

Demand for Saab-Scania's principle products is expected to remain weak, because of which it is anticipated that Saab-Scania Holdings will report a loss after financial items for 1993.

This is a summary of Investor's first quarter report 1993. The complete report can be obtained from Investor AB, S-103 32 Stockholm, Sweden, telephone +46-8-614 20 00.

THE AGRICULTURAL MORTGAGE CORPORATION PLC  
NOTICE  
to the holders of the outstanding  
£150,000,000 11 1/2 per cent. Notes 1994  
of  
THE AGRICULTURAL MORTGAGE CORPORATION PLC  
(the "Noteholders", the "Notes" and the "Issuer" respectively)

Notice is hereby given that the Meeting of the Noteholders convened by the Issuer for Wednesday, 28th April, 1993 by the Notice published in the Financial Times on 2nd April, 1993 (the "Original Notice") was adjourned through lack of a quorum and that such adjourned Meeting of the Noteholders convened by the Issuer will be held at the offices of Linklaters & Paines, 39-47 Gresham Street, London EC2V 7JA on Monday 7th June, 1993 at 10.30 a.m. (London time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed (the "Trust Deed") dated 30th August, 1989 (as modified) made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the Noteholders.

EXTRAORDINARY RESOLUTION  
That this Meeting of the holders of the outstanding £150,000,000 11 1/2 per cent. Notes 1994 (the "Notes") of The Agricultural Mortgage Corporation PLC (the "Issuer") constituted by the Trust Deed dated 30th August, 1989 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders") hereby:-

- determines that completion of the purchase by Lloyds Bank Plc of all the issued share capital of the Issuer not previously owned by it shall not be treated as an Event of Default for the purposes of Condition 9 of the Terms and Conditions of the Notes as printed on the reverse of them and in the First Schedule to the said Trust Deed (the "Conditions"), cancels the right of the Noteholders which has arisen under paragraph (viii) of Condition 9 to request the Trustee in writing or to direct the Trustee by Extraordinary Resolution to give notice to the Issuer that the Notes are immediately due and repayable by reason of such purchase by Lloyds Bank Plc and agrees to the modification thereof by the deletion of paragraph (viii) of Condition 9 and the reference to that paragraph in the proviso to Condition 9;
- sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders against the Issuer involved in or resulting from the determination, cancellation and modification referred to in paragraph (1) of this Resolution;
- sanctions the proposal of the Issuer that the Noteholders or any of them may at their option, by depositing with any Paying Agent (as defined in the Conditions) the relevant Note or Notes, together with (i) all Coupons relating thereto which mature after the date fixed for purchase as specified below and (ii) a duly completed Purchase Notice in the form obtainable from any of the Paying Agents (which notice shall be irrevocable) at any time following the passing of this Resolution, require the Issuer to purchase all or any of their Notes on the business day (as defined in Condition 5) specified by the Noteholder in the Purchase Notice and falling not less than 10 days after the date of the deposit of the relevant Note or Notes at a price equal to the aggregate of 100 per cent of their principal amount and an amount equal to interest accrued to that date, all in accordance with the Second Supplemental Trust Deed referred to in paragraph (4) of this Resolution; and
- authorises and requests the Trustee to concur in the determination, cancellation and modification referred to in paragraph (1) of this Resolution and the proposal referred to in paragraph (3) of this Resolution and, in order to give effect to this Resolution, forthwith to execute a Second Supplemental Trust Deed in the form of the draft produced to the Meeting and for the purposes of identification signed by the Chairman of it with such amendments (if any) to it as the Trustee shall require or approve.

Details of the background to, and the reasons for, the proposed Extraordinary Resolution are set out in the Original Notice.

The attention of Noteholders is particularly drawn to the quorum required for the adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Trust Deed (including the Terms and Conditions of the Notes), the draft Second Supplemental Trust Deed referred to in the Extraordinary Resolution set out above and the Original Notice will be available for inspection by Noteholders during normal business hours at the specified offices of the Paying Agents set out below.

In accordance with normal practice, the Trustee expresses no opinion on the merits of the proposed determination, cancellation and modification or on the put option scheme, the principles of which it has had no part in formulating, but has authorised it to be stated that, on the basis of the information set out herein and in the Original Notice, it has no objection to the Extraordinary Resolution being submitted to the Noteholders for their consideration.

VOTING AND QUORUM

- A Noteholder wishing to attend and vote at the adjourned Meeting in person must produce at such Meeting either the Note(s) of which he is the holder or the voting certificate(s) issued by a Paying Agent relating to the Note(s) in respect of which he wishes to vote.
- A Noteholder not wishing to attend and vote at the adjourned Meeting in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or instruct a Paying Agent to appoint a proxy to attend and vote at such Meeting in accordance with his instructions.

Notes may be deposited with any Paying Agents or held to their order by Euroclear or Cedei for the purpose of obtaining voting certificates or appointing proxies in respect of the adjourned Meeting until the time being 48 hours before the time fixed for the adjourned Meeting (or, if applicable, any further adjourned such Meeting), but not thereafter. Notes so deposited or held for the purpose of obtaining a voting certificate will not be released until the first to occur of (a) the conclusion of the adjourned Meeting (or, if applicable, any further adjourned such Meeting) and the surrender of the voting certificate to the Paying Agent who issued the same. Notes so deposited or held for the purpose of instructing a Paying Agent to appoint a proxy will not be released until the first to occur of (a) the conclusion of the adjourned Meeting or any further adjourned such Meeting or any poll taken on any resolution proposed thereat (whichever is the later), and (b) the surrender to such Paying Agent (not less than 48 hours before the time for the adjourned Meeting or any further adjourned such Meeting is convened or poll called) of the receipt issued by such Paying Agent in respect of each such deposited Note which is to be released and the giving of notice by such Paying Agent to the Issuer of the necessary amendment to the voting instruction.

Any voting certificate(s) issued, any voting instruction(s) given and any appointment(s) of a proxy made pursuant thereto for the Meeting of Noteholders convened for 28th April, 1993 will be valid for the adjourned Meeting unless, in the case of voting certificates, such voting certificates are surrendered before, or in the case of voting instructions, such voting instructions are revoked or amended not less than 48 hours before, the time for which the adjourned Meeting is convened.

Any Noteholder who, for the purpose of obtaining a voting instruction form or voting certificate, deposited his Note with any Paying Agent or (to the satisfaction of such Paying Agent) gave instructions to Cedei or Euroclear or another bank or depository approved by the Trustee for his Note to be held to the order of such Paying Agent, later than 48 hours before the time appointed for holding the first Meeting and who consequently was not issued with a voting instruction form or voting certificate will, provided such Note has not been released, be issued with a voting instruction form or as the case may be, voting certificate for use in connection with the adjourned Meeting.

- The quorum required at the adjourned Meeting is two or more persons holding Notes or voting certificates or being proxies whatever the principal amount of the Notes so held or represented.
- Every question submitted to the adjourned Meeting shall be decided by a show of hands unless a poll is duly demanded by the Chairman of such Meeting or by one or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-fifth of the principal amount of the Notes then outstanding. On a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each £1,000 of Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy.
- To be passed the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast thereon. If passed, the Extraordinary Resolution will be binding upon all the Noteholders whether present or not at the adjourned Meeting and upon all the holders of the interest coupons appertaining to the Notes.

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THE AGRICULTURAL MORTGAGE CORPORATION PLC  
21st May, 1993

## INTERNATIONAL COMPANIES AND FINANCE

## Sharp contrast in Australian bank results

By Bruce Jacques in Sydney

WESTPAC Banking Corporation and National Australia Bank, the largest Australian banking groups, yesterday revealed widely contrasting financial performances for the six months to March.

The National consolidated its position as the country's most successful major bank with a 25 per cent rise in net earnings, after extraordinary items, to A\$367.3m (US\$362.3), an interim dividend increase from 22 cents to 24 cents a share, and a 5 per cent fall in bad and doubtful debt charges to A\$89.1m.

In contrast, Westpac reported a A\$204.6m loss, a halved interim dividend of 6 cents a share, large new bad and doubtful debt write-offs of almost A\$800m, and plans to raise a further A\$500m in converting preference shares to top up its capital adequacy ratios.

Although still in the red, the latest Westpac result was far better than the previous corresponding half, when the bank's property and other problems first surfaced with a A\$2.7bn bad and doubtful debt write-off, causing a A\$1.7bn net loss.

Property problems again bit hard into the latest Westpac result. Non-property write-offs were reduced to a manageable A\$275m, but revaluations of problem property assets caused

## NZ unit matches expectations

BANK of New Zealand yesterday announced an unaudited operating tax-paid profit of NZ\$134.6m (US\$74.8m) for the year to March 31, which the new owners, National Bank of Australia, said was in line with expectations.

The result is not comparable with last year's profit of NZ\$172m as NAB changed the company's accounting policies in November when it bought the bank for NZ\$1.45bn. It said then that the changes were being made to reflect its own

a further A\$525m in bad debt charges. The Westpac result was also hit by abnormal losses of A\$178.3m (A\$266.6m previously), including a A\$137m charge for restructuring expenses.

The managing director of Westpac, Mr Robert Joss, pointed yesterday to progress achieved by the bank towards recovery targets. He said operating expenses had been reduced markedly and the company's earnings before

accounting and provisioning policies. This led to an abnormal item of NZ\$277.2m after tax. If the abnormal item is included, BNZ made a loss of NZ\$151.3m.

The managing director, Mr Bob Prowse, said the results reflected reduced income from treasury-related activities such as securities and foreign exchange trading, where the bank was adopting a more cautious approach. He said trading margins had tightened significantly during late 1992 and early 1993.

The group's results will be largely influenced by the successful completion of restructuring now in process to reduce operating expenses and the effect of reducing low-performing corporate assets, mainly offshore. Mr Joss said, "The adverse impact of non-performing loans has been diminishing."

Westpac's gross problem loan portfolio eased from A\$9.72bn to A\$8.57bn in the half. In contrast, the National's problem loans, although not strictly comparable because of



John Uhrig: announced resignation from board

differing accounting practices, grew from A\$4.25bn to A\$5.31bn.

The National's result reflected higher earnings from its Australian, UK and Irish banks and a bigger contribution from New Zealand following the takeover of Bank of New Zealand (BNZ) late last year. UK and Irish banks lifted their combined contribution from A\$83.9m to A\$132.5m.

The Clydesdale Bank lifted its net contribution from A\$37.7m to A\$65.8m. Northern Bank was up from A\$23.8m to A\$32.6m. Yorkshire Bank rose from A\$45.8m to A\$89m. National Irish lifted from A\$5.9m to A\$9.5m, but NAB (UK) increased its loss from

A\$12.4m to A\$16m. The managing director of the National, Mr Don Argus, said the latest result had been achieved without any significant downturn in economies where the bank operates. He said profit before tax and provisions had risen by 10.3 per cent to A\$124m.

Gains were generated through increased productivity, successful cost containment, improved credit management and by the development of successful new banking products targeted at key segments of the market, Mr Argus said.

The National's total capital adequacy ratio was reduced from 11.7 to a still-comfortable 10.8 per cent in the half, against the required Reserve Bank minimum of 8 per cent. Westpac's corresponding ratio rose from a shaky 8.4 per cent to 10 per cent.

Westpac directors yesterday approved a request by the bank's newest major shareholder, Lend Lease Corporation, to lift its Westpac stake to 15 per cent. They also invited two Lend Lease executives, Mr Stuart Horner and Mr John Morschel, to join the Westpac board.

Meanwhile, the chairman of Westpac, Mr John Uhrig, announced he would resign from the board of the bank's existing 15 per cent shareholder, the AMP Society.

## Singapore industrial group falls slightly

By Kieran Cooke in Kuala Lumpur

CYCLE & Carriage (C&C), the Singapore-based food, property and motor distribution group, has announced net profits for the six months to March 31 of S\$38.44m (US\$23.5m), a

## NEWS IN BRIEF

drop of 0.6 per cent on the equivalent period last year. Group turnover, at S\$836.1m, was 4.5 per cent up on last year.

Late last year, the Jardine group of Hong Kong bought a 16 per cent stake in C&C for S\$815.5m. The stake had previously been owned by the Kuwait Investment Office.

Jardine has announced that Mr Boon Yoon Chang, chairman of Jardine Matheson (Singapore), will take over as C&C's managing director.

Toppan Printing, Japan's second-largest printing company, yesterday reported a 20 per cent fall in unconsolidated pre-tax profits for the year to March 31 from the previous fiscal year. AP-DJ reports from Tokyo.

Pre-tax profits were Y51.6bn (A\$46.9m) against Y64.6bn, while net profits fell to Y37.3bn from Y34.9bn. Sales were down just under 6 per cent to Y842.6bn. The dividend is unchanged at Y10.

Snow Brand Milk Products, the largest manufacturer of dairy products in Japan, said yesterday its unconsolidated, or parent-only, pre-tax profit fell 3.8 per cent in the year March 31 from the year earlier. AP-DJ reports from Tokyo.

Pre-tax profit fell to Y15.2bn from Y15.8bn, although net profit was down only 0.5 per cent to Y6.79bn against Y6.83bn the previous year. Meanwhile, Meiji Milk Products, Japan's second-largest producer of dairy foods, reported unconsolidated pre-tax profits down 5.1 per cent during the year to March 31.

## Reduced domestic demand squeezes margins at Toray

By Robert Thomson in Tokyo

TORAY Industries, the leading Japanese maker of synthetic fibres, reported a 6.6 per cent fall, to Y48.2bn (A\$43.23m), in pre-tax profit for the year to end-March. The result reflects reduced domestic demand, which led to increased price competition and smaller margins in most sectors.

Sales for the year were down 3.2 per cent to Y560bn, with a 6.8 per cent decline in fibres and textiles and a 6.5 per cent fall in plastics and chemicals. However, new products and other businesses, including materials used in sporting goods and pharmaceuticals, surged 20.6 per cent.

Sluggish demand for consumer electronics in Japan was partly responsible for the fall in plastics and chemicals sales, while intensified competition in the polyester film market reduced the company's overseas margins.

Consolidated sales slipped a marginal 0.6 per cent to Y970.6bn, while net profit was down 3.1 per cent, as demand

in east Asia for industrial materials remained relatively strong. For the current year, the parent is expecting a slight increase in sales to Y590bn, but pre-tax profit at around the same level as last year's Y48bn.

Mitsui Toatsu Chemicals reported a 58 per cent plunge in pre-tax profits to Y6.3bn, which it blamed on weaker sales of synthetic resins and plastics to the car and electronics industries, and increased depreciation charges. Sales were down 6.4 per cent to Y385bn.

Mitsui Toatsu plans to halve its dividend to Y3 and forecast another 20 per cent fall in profits to Y5bn this year on sales of about Y390bn.

Mitsubishi Petrochemical experienced a steep 72.7 per cent fall in pre-tax profit to Y8.3bn, as prices weakened for core products such as ethylene. While sales volume remained flat, sales value was down 8.5 per cent to Y372.1bn, and is expected to remain at the same level this year. Pre-tax profit is forecast to slip to Y4bn.

## New drug sales help Ono to 15% increase

By Wayne Apoints in Tokyo

ONO Pharmaceutical, a medium-sized Japanese drug maker, announced a 21.2 per cent increase, to Y36.3bn (A\$32.02m), in pre-tax profits for the year to March. It attributed the rise to sales of new drugs. Net profits rose 15.5 per cent to Y15.5bn.

Sales grew 19.9 per cent to Y95.1bn as a result of solid sales of Kinedak, its remedy for diabetes, and Vega, its anti-asthmatic compound. The company is to raise dividends by Y6 to Y20 per share for the last fiscal year in tandem with the increase in profits and sales.

The Osaka-based company expects pre-tax profits to climb 3.2 per cent to Y37.5bn for the current financial year, on sales of Y101bn, up 6.1 per cent, and net profits are forecast to rise to Y16.5bn, up 5.8 per cent.

Taisho Pharmaceutical said pre-tax profits rose 1 per cent to Y51.3bn last year. Net profits increased 1.5 per cent to Y28.3bn.

Sales increased 7.3 per cent to Y204bn against the last fiscal year, on steady sales of antibiotic and new tonic drinks. The company estimates a decline in pre-tax profits for the current financial year, to 32.4bn, down 3.6 per cent due to a projected softening of the tonic drink market. Net profits are expected at Y28.5bn, down 6.6 per cent, on sales of Y265bn, up 1.9 per cent on the year.

## BAT Indian affiliate bucks profit trend

By R C Murthy in Bombay and Kunal Bose in Calcutta

ITC, India's largest tobacco company and an affiliate of BAT Industries of the UK, yesterday reported a rise in net profits to Rs1.55bn (A\$50m) for the 12 months to March, up from Rs1.15bn the year before, bucking the country's general trend of falling profits.

Sales rose by a quarter, to Rs35.09bn, mostly due to strong growth in the tobacco business. After provisions, net profits rose by more than a third to Rs1.55bn. Earnings per share rose to Rs3.37 from Rs2.87, reversing the fall in the previous year.

## Foster's signs second Chinese brewing deal

By Tony Walker in Beijing

FOSTER'S has signed a second joint brewing venture deal in China as part of its push into the fast-growing Chinese beer market.

The Australian brewer's subsidiary, Carlton and United Breweries, signed a US\$7m agreement with the state-owned Princess Brewery in Guangdong province, south China.

Foster's executives expect to invest about US\$140m by the end of this century in a network of breweries in China.

The Guangdong brewery, at Doumen near the Portuguese enclave of Macao, will be

upgraded, and a second brewery built later. Carlton and United Breweries expects to be producing 300m litres a year at the Princess Brewery within five years, compared with present production of 35m litres.

On Tuesday, CUB agreed a joint venture with the Huangguang brewery, one of Shanghai's leading brewers. It expects to sign a further agreement soon with a brewer in northern China, and anticipates that within five years it will be producing more beer in China than in Australia.

Foster's expects China to displace the US as the world's biggest beer market by the end of the century.

## Asset sales boost profit at NZ lingerie maker

By Terry Hall in Wellington

CERAMCO, the biggest lingerie maker in Australasia, yesterday announced operating profits after tax for the year to March 31 up from NZ\$16.7m (US\$9.3m) to NZ\$19.3m. Total profits for the year, after an extraordinary profit of NZ\$2m, were up 61 per cent to NZ\$26.3m from NZ\$16.6m.

Directors said they expected continuing improvements in earnings and in the group's financial position.

The results include trading profits of NZ\$881,000 from the sale of two subsidiaries outside of its key interests of clothing and exporting china clays.

Directors said both these activities were well placed in the international market with high cash-flows and export growth potential.

During the year, Ceramco sold its interests in Steel and Tube Holdings, realising NZ\$32.5m, a surplus of NZ\$3.7m over the written-down book value. It also eliminated all debt from the balance sheet and had NZ\$1.5m in cash on deposit at the year's end.

It had also repaid to shareholders half the company's paid-up capital, or NZ\$24.2m, and cancelled 48.4m shares. Operating revenue was NZ\$163m, compared with NZ\$133m.

## FINMECCANICA

Società per azioni

## Ordinary and Extraordinary General Meeting of Shareholders held on May 6, 1993

The Annual General Meeting and the Extraordinary Meeting of the Shareholders of Finmeccanica Società per azioni were held in Rome on May 6, 1993.

The Ordinary General Meeting approved the Company's financial statements for the year ended December 31, 1992.

The Finmeccanica Group's consolidated profit, including minority interests in consolidated subsidiaries, amounted to Lit/bn 186.4. The corresponding amount realized in 1991, before the extraordinary loss pursuant to the EEC claim, was Lit/bn 168.6.

The net consolidated profit, including the effect of the merger of Alenia, Ansaldo and Elsas Bailey into Finmeccanica set up on March 20, 1993, is Lit/bn 182.9 (Lit/bn 126.3 in 1991).

Revenues amounted to Lit/bn 11,078 (Lit/bn 10,966 in 1991) of which some 40% (Lit/bn 4,400) abroad.

Backlog amounted to Lit/bn 22,300 (Lit/bn 21,200 in 1991) as result of new orders acquired during the year for Lit/bn 12,000 (Lit/bn 10,318 in 1991).

As at December 31, 1992 the Group companies employed 51,503 units.

The Finmeccanica-Società per azioni net profit as at December 31, 1992 was Lit/bn 102.3; the corresponding amount realized by Società Immobiliare e Finanziaria - SIFA p.a. (the company's name before the merger of Finmeccanica-Società Finanziaria p.a.) in 1991 was Lit/bn 30.9.

The dividends of Lit. 140 per ordinary share and of Lit. 180 per saving share, as approved by the General Meeting will be paid starting from May 17, 1993. The year end profit of some Lit/bn 51, after appropriation to dividends, was transferred to retained earnings.

The Shareholders' Meeting confirmed, furthermore, Mr. Pietro CIUCCI as member of the Board of Directors and approved the appointment of Mr. Leone PONTECORVO as member of the Board of Statutory Auditors, in replacement of Mr. Aldo SORCI who resigned from the position. The Extraordinary Meeting approved the setting up of the following secondary locations: Alenia: Naples - Capodichino, Centro Addestramento Renato Bonifacio; Ansaldo: Genova - 2, Piazza Carignano; Elsas Bailey: Genova - 2, Via G. Puccini. The art. 2 of the Articles of Association was accordingly modified.

## Payment of Dividend for the fiscal year ended December 31, 1992

Notice is hereby given to all Shareholders that, according to art. 9.2 and 22 of CONSOB resolution n. 5553 dated November 14, 1991, dividends relevant to the 1992 fiscal year will be in payment effective May 17, 1993, as deliberated at the Annual General Meeting of the Shareholders of May 6, 1993, on the basis of Lit. 180 (one hundred and eighty) per saving share and of Lit. 140 (one hundred and forty) per dividend-eligible ordinary share, gross of applicable legal withholdings.

The aforementioned dividends will be collectable, upon submission of the share certificates and detachment of Coupon n. 1 at the Finmeccanica cash department in Rome, 92, Viale Maresciallo Pilsudski and at the following authorised locations: Monte Titoli S.p.A. - for the self-administered shares; Banca Commerciale Italiana, Banca di Roma, Credito Italiano, Banca Nazionale del Lavoro, Monte dei Paschi di Siena, Istituto Bancario San Paolo di Torino, Banco di Napoli, Banco di Sicilia, Banca Nazionale dell'Agricoltura, Cassa di Risparmio delle Provincie Lombarde, Banco Ambrosiano Veneto, Cassa di Risparmio di Genova e Imperia.

## Notice to Finmeccanica Warrant Holders

Notice is hereby given to all Finmeccanica warrant holders that, from the day following the dividends' detachment, i.e. May 18, 1993, the exercise petitions of the aforementioned warrants, temporarily suspended according to art. 2 of the applicable regulation, will become eligible for submission.

The Board of Directors  
Chief Executive Officer  
(Fabiano Fabiani)

To the Holders of  
SHEARSON LEHMAN CMO, INC.Series F, Class F-1 Floating Rate Bonds  
Due February 20, 2018

Pursuant to the Indenture dated as of February 1, 1985 between Shearson Lehman CMO, Inc. as Issuer and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period May 20, 1993 through August 19, 1993 as determined in accordance with the applicable provisions of the Indenture, is 3.8750% per annum. Amount of interest payable is \$31,625,597,193 per \$10,000 principal amount.

## SHEARSON LEHMAN CMO, INC.

| Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales |         |         |         |
|--|---------|---------|---------|
| Period   | 1992/93 | 1993/94 | 1994/95 |
| 10 year  | 10.77   | 10.77   | 10.77   |
| 5 year   | 10.77   | 10.77   | 10.77   |
| 1 year   | 10.77   | 10.77   | 10.77   |
| 6 month  | 10.77   | 10.77   | 10.77   |
| 3 month  | 10.77   | 10.77   | 10.77   |
| 1 month  | 10.77   | 10.77   | 10.77   |
| 1 week   | 10.77   | 10.77   | 10.77   |
| 1 day  | 10.77   | 10.77   | 10.77   |
| 1 hour   | 10.77   | 10.77   | 10.77   |
| 15 min   | 10.77   | 10.77   | 10.77   |
| 5 min  | 10.77   | 10.77   | 10.77   |
| 1 min  | 10.77   | 10.77   | 10.77   |
| 15 sec   | 10.77   | 10.77   | 10.77   |
| 5 sec  | 10.77   | 10.77   | 10.77   |
| 1 sec  | 10.77   | 10.77   | 10.77   |

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## Correction Notice

ALLIANCE & LEICESTER  
Alliance & Leicester Building Society  
£150,000,000

Floating Rate Notes due 1995  
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 11th August, 1993 has been fixed at 6.1375% per annum. The interest accruing for such three month period will be £154.73 per £100,000 Bearer Note, and £1,547.30 per £100,000 Bearer Note, on 11th August, 1993 against presentation of Coupon No. 21.

Union Bank of Switzerland  
London Branch Agent Bank  
11th May, 1993

## To the Holders of

Banco Central de Costa Rica  
US \$66,511,515 Series A Interest  
Claims Bonds Due May 21, 2005

US \$76,435,529 Series B Interest  
Claims Bonds Due May 21, 2005

NOTICE IS HEREBY GIVEN that the rate of interest from May 21, 1993 through and including August 22, 1993 is 4.0625% per annum. Interest coupon payable on August 23, 1993 will amount to \$827.74 per \$100,000 nominal face amount.

By BankAmerica Trust Company of New York as Fiscal Agent  
Dated: May 21, 1993

Union Bank of Switzerland  
London Branch Agent Bank  
17th May, 1993

NUOVA  
SamimINVITATION TO BID FOR THE PURCHASE  
OF COMPANY DIVISIONS IN THE TREAT-  
MENT OF STEEL WORKS FUMES AND IN THE  
ZINC OXIDES AND POWDERS SECTOR

NUOVA SAMIM S.p.A., a company with headquarters in Rome, at Piazza L. Cerva 7, with fully paid-in share capital of Italian lire 25,483,000,000, entered at the Rome court chancery registry of companies at no. 7461/92, intends to receive and screen bids for the sale, jointly or separately, to a single party of the following company division:

STEEL WORKS FUMES TREATMENT with production of zinc and lead oxides for thermal zinc production plants. NUOVA SAMIM is the Italian leader in this field and one of the most important companies in Europe, with turnover of more than Italian lire 20 billion.

ZINC OXIDES AND POWDERS for the rubber, ceramics, and paint industries and animal feed, with a solid position on the Italian market and turnover of more than Italian lire 20 billion.

In the present transaction NUOVA SAMIM has engaged the services of COFILP (Compagnia Finanziaria Ligure Piemontese), which will provide interested companies with additional information on request. Inquiries may be addressed to Ms. Maurizio Villa or Mr. Marco Tramontin or Mr. Jean Marc Russenberger, COFILP S.p.A., Via dei Giardini 4, 20121 Milan, Italy; Tel. +39/2/62571; Fax +39/2/6552208.

The present invitation for bids is being extended solely to companies with capital of no less than Italian lire 10 billion. Interested companies may make written request (fax accepted) to COFILP S.p.A. for a copy of the information memorandum concerning the business for sale.

The information memorandum will be sent to companies the legal representative of which has signed, authenticated and returned to COFILP S.p.A. no later than June 14, 1993, an agreement to maintain confidentiality, together with a copy of the financial statements for the last three years, a description of the business in which they are engaged, and the reasons for the present investment. Intermediaries of whatever kind must disclose the identity of any party they represent.

The present announcement is an invitation to bid but does not represent either a public offering ex Art. 1336 of the Italian Civil Code or a solicitation to public saving ex Art. 1/18 of the Italian Law 216/1974. Neither the present invitation nor the receipt of any offers by NUOVA SAMIM will create any obligation or commitment to sell to any bidder nor give any bidder any right to require any performance on the part of NUOVA SAMIM for any reason, including payment of brokerage fees or consulting costs.

The Italian text of the present invitation will have priority over any other version published in foreign languages in newspapers outside Italy. The present invitation and the sales procedure are subject to the laws of Italy.

C&G  
Cheltenham & Gloucester  
Building Society

£175,000,000  
Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 17th August, 1993 has been fixed at 6.2500% per annum. The interest accruing for such three month period will be £156.56 per £100,000 Bearer Note, and £1,565.56 per £100,000 Bearer Note, on 17th August, 1993 against presentation of Coupon No. 5.

Union Bank of Switzerland  
London Branch Agent Bank  
17th May, 1993

£200,000,000  
MFC Finance No.1 PLC

NOTICE OF REDEMPTION  
Series 'A' to 'F' Mortgage Backed Floating Rate Notes  
Due October 2003

Notice is hereby given, that in accordance with Conditions 5(c) of the Prospectus dated 13th October 1988, the Issuer intends to redeem £1,600,000 in aggregate value of the Notes on the respective June, 1993 interest payment dates.

By: Citibank, N.A. (Issuer Services)  
May 21, 1993

CITIBANK

INTERNATIONAL CAPITAL MARKETS

Gilts shrug off decline in jobless figures

By Jane Fuller in London and Patrick Harverson in New York

THE UK government bond market was not too perturbed about the possible implications for the continued fall in unemployment. Losses along the yield curve were small yesterday.

The surprise of a third month's decline in the jobless figures did raise fears of impending pay pressure. Signs of anxiety about inflation showed through in gains in the longer-dated index-linked stock.

GOVERNMENT BONDS

However, a decline from 4.5 per cent to 4 per cent in the annual rate of wage increases assuaged some of the concern, as did continued hopes of a historically low advance in the retail prices index, to be announced today. Another cushion against inflation fears was provided by sterling, which strengthened to more than DM5.51.

The background remained cautious before next week's auction.

A HALF-POINT cut in interest rates by the Bank of Italy, reducing the discount rate to

FT FIXED INTEREST INDICES

|                 | May 20 | May 19 | May 18 | May 17 | May 16 | High   | Low    |
|-----------------|--------|--------|--------|--------|--------|--------|--------|
| Govt Bonds (UK) | 94.80  | 94.80  | 94.58  | 94.83  | 94.48  | 95.04  | 93.28  |
| Fixed Interest  | 111.25 | 111.07 | 110.93 | 110.87 | 110.82 | 110.85 | 108.67 |
| Govt Bonds (US) | 100.00 | 100.00 | 99.85  | 100.00 | 99.85  | 100.00 | 99.85  |
| Fixed Interest  | 100.00 | 100.00 | 99.85  | 100.00 | 99.85  | 100.00 | 99.85  |

GILT-EDGED ACTIVITY

Index

|               | May 18 | May 17 | May 16 | May 15 | May 14 |
|---------------|--------|--------|--------|--------|--------|
| UK Govt Bonds | 100.00 | 100.00 | 99.85  | 100.00 | 99.85  |
| US Govt Bonds | 100.00 | 100.00 | 99.85  | 100.00 | 99.85  |

10.5 per cent, sparked a late rally in government bonds, with the BTP futures contract gaining about 1/4 point.

The cut came a day earlier than expected and confirmed the easing made possible by increased confidence in the lira.

Among the high yielders, Spain was hit by profit-taking. Worst affected was the five-year area, where a spate of buying had exaggerated the "U" in the yield curve, leading to the correction.

JAPANESE government bonds opened on a stronger note, helped by the yen's buoyancy against the dollar and by a recovery in US Treasuries.

Nerves also steadied after the Bank of Japan squashed residual speculation about a rise in interest rates.

However, there was little to give real impetus to the bond

BENCHMARK GOVERNMENT BONDS

| Coupon      | Rate  | Price | Change | Yield | Week | Month |
|-------------|-------|-------|--------|-------|------|-------|
| Australia   | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| Belgium     | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| Canada      | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| Denmark     | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| France      | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| Germany     | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| Italy       | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| Japan       | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| Netherlands | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| Spain       | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| UK Gilts    | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |
| US Treasury | 8.500 | 94.75 | +0.45  | 7.54  | 7.48 | 7.52  |

London closing. \*Denotes New York morning session. †Yields Local market standard. ‡ Gross annual yield including withholding tax at 12.5 per cent payable by non-residents. § Technical Data/ATLAS Price Source.

IN THE US, Treasury prices were little changed in light trading as the bond market caught its breath after Wednesday's wild fluctuations.

By midday, the benchmark 30-year government bond was up 1/4 at 101 1/4, yielding 6.986 per cent. At the short end of the market, the two-year note was unchanged at 99 1/4, to yield 3.875 per cent.

After Wednesday's remarkable late rally, when the long bond bounced back from early losses to end sharply higher, dealers and

investors stayed mostly quiet yesterday. If anything, the market's mood remained on the bullish side, buoyed by two sets of data.

First, the news that state unemployment claims rose 7,000 in the second week of May reinforced the view that labour market conditions remain weak. Second, the Philadelphia Federal Reserve's index of local business activity showed a sharp decline in May, further evidence that economic conditions throughout the US remain uncertain.

Latin American corporate bond fund to be launched

By Jane Fuller

TAKING advantage of the increasing flow of Eurobond issues from Latin America, a new dollar-denominated corporate bond fund is being launched with an initial size of \$50m to \$100m.

The Latin American Corporate Bond Fund will invest in companies which are "market leaders with first-rate balance sheets, but the wrong address", according to Mr Audley Twiston Davies of Latin American Securities, advisers to the fund. It will be set up as a closed-end trust with a 10-year term.

Most of the borrowers will be from Mexico, Brazil, Argentina, Venezuela and Chile, of which only the last has investment grade status from Standard & Poor's or Moody's, the two main credit rating agencies. The country rating provides a ceiling on corporate ratings.

The International Finance Corporation, the private sector affiliate of the World Bank, has said it will invest up to \$15m in the new fund.

Mr Twiston Davies said the fund was expected to be more than 400 basis points over five-year US Treasuries, giving a yield of about 9.5 per cent.

There was also scope for capital gains as Latin American countries and companies were re-rated.

Among Latin American corporate bonds, some Mexican issues have yield spreads of less than 400 basis points, while the better Brazilian ones range from 450 to 500 basis points, according to one expert on the region.

Last year, Latin American borrowers tapped the Eurobond market with about 90 issues, raising nearly \$10bn. Well over 100 issues are expected to be made this year, raising up to 50 per cent more.

Moody's assigns B2 rating to Kloster Cruise secured notes

By Karen Fosell in Oslo

MOODY'S Investors Service, the US-based rating agency, has assigned a B2 speculative grade rating to the \$300m senior, 10-year, secured notes issued earlier this month by Kloster Cruise, a unit of Vard, the Norwegian ferry and cruise group.

The coupon was set at 13 per cent and the notes were placed with a group of "qualified" institutional investors, and secured against mortgages on two of the company's 12-strong cruise ship fleet.

heavy debt-service burden had created a liquidity crisis within Kloster, the third-largest cruise ship operator in the world. "The company was in violation of covenants under its key bank agreement and auditors expressed doubt about its ability to continue as an on-going concern," but doubt was removed, Moody's said, by the financial restructuring.

Kloster earlier warned it will post a net loss in 1993. First quarter losses rose to Nkr88.2m (\$12.8m) from losses of Nkr17.4m in the same period in 1992. Besides the issue, Kloster doubled its debt maturity profile to six years from three years.

Moody's warned that Kloster faces new capital expenditure to strengthen its competitive position and this may necessitate additional borrowings.

This year, Kloster will have to meet debt-servicing requirements of \$230m while total interest-bearing debt is estimated at \$1bn. The financial restructuring increased Kloster's annual interest payments by \$10m to \$80m.

Moody's said Kloster may be forced to divert some of its cruise lines or shift resources between lines to achieve economies of scale and pursue market share as a result of aggressive expansion of larger and better-capitalised competitors.

"Lacklustre economic growth could prolong cautious consumer spending and dampen a recovery in Kloster Cruise's earnings and cash flow despite historically stable and growing demand for cruise vacations," Moody's believes.

The coupon was set at 13 per cent and the notes were placed with a group of "qualified" institutional investors, and secured against mortgages on two of the company's 12-strong cruise ship fleet.

"The appraised value of the ships - \$360m in aggregate - provides only a slim cushion of asset coverage," according to the rating agency.

Moody's said a decline in earnings combined with a

rower was keen to test investor appetite for a bigger, longer-dated issue.

Chase said the deal was priced with an eye on both the existing FRN and other fixed rate issues in the market from similar borrowers. The existing notes are trading at around 100.75, giving a yield of 365 basis points over Libor, according to Chase, while other fixed rate bonds from Petrobras are trading at 450 to 475 basis points over US Treasury bonds.

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Alcatel Alsthom, the Paris-based telecommunications and transport group, said a \$650m domestic commercial paper programme would go towards working capital used throughout the Asia-Pacific region, Reuter reports from Sydney.

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Matsushita to borrow Y200bn

MATSUSHITA Electric Industrial, a leading manufacturer of electronic goods in Japan, plans to issue Y200bn (\$1.8bn) of straight corporate bonds next quarter, the company announced yesterday, AP-JD reports from Tokyo.

The company said it had not determined terms and conditions for the borrowing,

which is to finance the Y185bn buy-out of the company's longstanding semiconductor joint venture with Philips Electronics of the Netherlands.

The borrowing, which could comprise several issues, would represent a sizeable tap on the growing corporate market. Companies have been increasingly turning to bonds to raise funds because of the weak

equity market and because bank finance is more expensive.

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Two issues rekindle interest in asset-backed area

By Sara Webb

THE asset-backed area of the international capital market which has experienced a dearth of deals in recent months - saw the launch of two new issues yesterday.

INTERNATIONAL BONDS

Goldman Sachs launched a \$110m deal for European Bank Investment Trust, which holds 20 per cent risk-weighted assets with Credit Suisse Financial Products providing the cash-flow from swaps.

According to Goldman Sachs, investors have two lines of security - a guarantee from Financial Guaranty Insurance (FGIC), and a pool of assets which are senior fixed-rate starting obligations from Euro-

pean banks with a credit rating of AA-/A3 or better. The bank obligations will consist of bonds, letters of credit or loans and are secured in the market by a specialist boutique. The structure is expected to be bought by banks, according to the lead manager, one market participant commented that the payment - of three-month Libor plus 0.2 per cent - "seems a bit tight".

The day's other asset-backed deal came from Daiwa Europe which is launching \$100m of secured extendable notes for Grace 1 International, a special purpose vehicle. These are secured by US commercial mortgages. The maturity can be lengthened from 2001 to 2002 at the bondholders' option.

Elsewhere, Petrobras, the Brazilian oil group, launched its long-awaited floating rate deal yesterday, offering

\$300m of five-year notes. The notes are priced at 99.5 and have a coupon of six-month Libor plus 440 basis points. At the current level, that would mean a coupon of 7.775 per cent and a yield of 7.88 per cent, according to lead manager Chase Investment Bank, although the coupon will not be set until June 4.

Mr Jorge Jasson, managing director with Chase's international capital markets group, said Petrobras was keen to cre-

ate a liquid benchmark in the five-year area. "The deal has had a warm reception as the market welcomes floating-rate notes at a time when interest rate vulnerability is increasing," he said, adding that only a handful of emerging market names have launched floating rate deals.

Petrobras already has one floating-rate note deal under its belt, having launched \$400m of two-year notes maturing in August 1994. However, the bor-

rower was keen to test investor appetite for a bigger, longer-dated issue.

Chase said the deal was priced with an eye on both the existing FRN and other fixed rate issues in the market from similar borrowers. The existing notes are trading at around 100.75, giving a yield of 365 basis points over Libor, according to Chase, while other fixed rate bonds from Petrobras are trading at 450 to 475 basis points over US Treasury bonds.

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NEW INTERNATIONAL BOND ISSUES

| Borrower                | Amount | Coupon | Price | Maturity | Yield  | Spread | Book runner           |
|-------------------------|--------|--------|-------|----------|--------|--------|-----------------------|
| US DOLLARS              |        |        |       |          |        |        |                       |
| Petrobras               | 300    | 6.15%  | 99.50 | Jun 1998 | 1.125% | 440    | Chase Investment Bank |
| Grace 1 International   | 100    | 6.15%  | 100   | Mar 2000 | 0.8    | -      | Daiwa Europe          |
| STERLING                |        |        |       |          |        |        |                       |
| European Bank Inv.Trust | 110    | 6.15%  | 99.50 | Mar 2001 | 0.8    | -      | Goldman Sachs Int.    |

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. Floating rate notes, 6-month LIBOR coupon. R: fixed rate offer price; fees are shown at the offer level. a) Coupon pays 6-month Libor + 4.4%. b) Extendable at bondholders' option for a further 2 years. Fees undisclosed. c) Coupon pays 3-month Libor + 0.2%.

MARKET STATISTICS

RISES AND FALLS YESTERDAY

| British Funds          | Rises | Falls | Stale |
|------------------------|-------|-------|-------|
| Other Fixed Interest   | 238   | 5     | 0     |
| Commercial, Industrial | 238   | 5     | 0     |
| Financial & Property   | 152   | 0     | 0     |
| Oil & Gas              | 10    | 12    | 82    |
| Plantations            | 0     | 0     | 0     |
| Mines                  | 42    | 24    | 50    |
| Others                 | 42    | 24    | 50    |
| Totals                 | 562   | 425   | 1,631 |

LONDON RECENT ISSUES

| Issue                   | Amount | Rate  | Price | Yield  | Spread | Book runner           |
|-------------------------|--------|-------|-------|--------|--------|-----------------------|
| Bank of America         | 100    | 6.15% | 99.50 | 1.125% | 440    | Chase Investment Bank |
| Grace 1 International   | 100    | 6.15% | 100   | 0.8    | -      | Daiwa Europe          |
| European Bank Inv.Trust | 110    | 6.15% | 99.50 | 0.8    | -      | Goldman Sachs Int.    |

FIXED INTEREST STOCKS

| Issue                   | Amount | Rate  | Price | Yield  | Spread | Book runner           |
|-------------------------|--------|-------|-------|--------|--------|-----------------------|
| Bank of America         | 100    | 6.15% | 99.50 | 1.125% | 440    | Chase Investment Bank |
| Grace 1 International   | 100    | 6.15% | 100   | 0.8    | -      | Daiwa Europe          |
| European Bank Inv.Trust | 110    | 6.15% | 99.50 | 0.8    | -      | Goldman Sachs Int.    |

RIGHTS OFFERS

| Issue                   | Amount | Rate  | Price | Yield  | Spread | Book runner           |
|-------------------------|--------|-------|-------|--------|--------|-----------------------|
| Bank of America         | 100    | 6.15% | 99.50 | 1.125% | 440    | Chase Investment Bank |
| Grace 1 International   | 100    | 6.15% | 100   | 0.8    | -      | Daiwa Europe          |
| European Bank Inv.Trust | 110    | 6.15% | 99.50 | 0.8    | -      | Goldman Sachs Int.    |

TRADITIONAL OPTIONS

| Issue                   | Amount | Rate  | Price | Yield  | Spread | Book runner           |
|-------------------------|--------|-------|-------|--------|--------|-----------------------|
| Bank of America         | 100    | 6.15% | 99.50 | 1.125% | 440    | Chase Investment Bank |
| Grace 1 International   | 100    | 6.15% | 100   | 0.8    | -      | Daiwa Europe          |
| European Bank Inv.Trust | 110    | 6.15% | 99.50 | 0.8    | -      | Goldman Sachs Int.    |

FT-SE ACTUARIES INDICES

| Issue                   | Amount | Rate  | Price | Yield  | Spread | Book runner           |
|-------------------------|--------|-------|-------|--------|--------|-----------------------|
| Bank of America         | 100    | 6.15% | 99.50 | 1.125% | 440    | Chase Investment Bank |
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LIFE EQUITY OPTIONS

| Issue                   | Amount | Rate  | Price | Yield  | Spread | Book runner           |
|-------------------------|--------|-------|-------|--------|--------|-----------------------|
| Bank of America         | 100    | 6.15% | 99.50 | 1.125% | 440    | Chase Investment Bank |
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LIFE EQUITY OPTIONS

|                    |        |       |        |      |      |    |                            |      |      |      |
|--------------------|--------|-------|--------|------|------|----|----------------------------|------|------|------|
| Over 15 years (10) | 158.93 | +0.02 | 168.89 | 2.43 | 3.48 | 7  | 3 years                    | 7.82 | 7.81 | 9.29 |
| Irredeemables (6)  | 174.98 | -0.12 | 175.20 | 0.77 | 6.12 | 6  | Corporps                   | 8.71 | 8.71 | 9.03 |
| All stocks (54)    | 142.82 | +0.02 | 142.89 | 2.19 | 4.58 | 9  | (11%-)                     | 8.76 | 8.76 | 8.98 |
|                    |        |       |        |      |      | 10 | Irredeemables (Flat Yield) | 8.83 | 8.81 | 9.06 |
| Index - 1 Index    |        |       |        |      |      |    |                            |      |      |      |

## COMPANY NEWS: UK

# Pru helped by accruals accounting

By Norma Cohen,  
Investments Correspondent

PRUDENTIAL Corporation, Britain's largest life assurance company, yesterday reported that under the new proposed "accruals" basis of accounting for profits, its 1992 earnings rose 9 per cent to £807m.

The Pru had earlier reported profits for the same period using the so-called embedded value method of accounting, which is currently the industry standard.

That method however has been criticised by securities analysts as flawed because it does not recognise profits or losses from insurance policies until they mature. Under accruals accounting, profits are much more closely related to ongoing activities.

So far, the Pru is the only big UK insurer to have reported results on an accruals basis.

The Association of British Insurers, after a two-year study, had asked the industry to begin experimenting with the method. Earnings were somewhat lower than analysts

had anticipated, reflecting somewhat worse than expected continuous disability business in its M&G reinsurance arm. However, analysts noted that the effects of a reorganisation in Prudential's UK life assurance businesses, which has absorbed £180m in costs, has produced unexpected cost savings which will be reflected in the 1993 statutory profits.

Profits on new business rose 30 per cent to £228m, largely on sales of single premium products and the so-called prudence bond in particular. But profits on business in force fell sharply from £55m to £36m, partly reflecting reduced investment returns in Australia and Canada.

Meanwhile, it emerged that a leading shareholders group, Pensions Investment Research Council, has sharply criticised the Pru for failing to follow best practice in corporate governance. The Pru is one of the UK's largest shareholders and its chief executive, Mr Mick Newmarch, has been outspoken on matters of board behaviour.

# Brewers' heads down for prolonged in-fighting

Philip Rawstone on the effects of discounting, the latest weapon in the battle for market share

A WAR of attrition is being fought in the UK beer market: a series of sporadic, intensive, skirmishes between national brewers intent on gaining or defending market share.

None of the participants so far has gained much ground; all are beginning to show the cost of their efforts.

Bass, the UK's leading brewer, this week reported that it had advanced its market share by 0.2 percentage points in six months, while its profit margin had fallen from 9.7 per cent to 8.3 per cent.

The aggression is likely to continue for some time, as market conditions have rarely been better for winning share - or for losing it.

Government orders which forced the national brewers to free about 11,000 pubs - about 10 per cent of the total - from exclusive beer supplies have opened opportunities for competitors to move into outlets from which they were previously excluded.

The free trade will expand further. The proportion of beer sold through the brewers' tied pubs is forecast to decline from 44 per cent of the total in 1989 to about 20 per cent by the end of the decade.

At the same time, take-home trade volume - beer sold

through supermarkets and off-licences - is expected to grow from 18 per cent of the total market to 30 per cent.

Against a background in which total beer consumption is set to fall by about 5 per cent during the 1990s, largely because of demographic changes, the national brewers have been forced to sharpen their competitive edge.

With the loss of much of the assured, high-margin flow of sales through their own pubs, they must now battle to capture outlets controlled by new pub retailing companies and multiple grocers, by individual licensees and liquor stores.

The initial response to this prospect saw Courage seek to strengthen its position by acquiring Grand Metropolitan's breweries and beer brands; and Allied-Lyons merge its brewing operations with Carlsberg in Carlsberg-Tetley.

Like GrandMet, regional brewers Greenalls, Boddington and Denshaw quit the industry to become retailers.

Since these dispositions, the struggle for market share has been fought with a variety of weapons: discounts, supply agreements, loan ties, and increased marketing.

Courage, despite its denials, is widely regarded as the most

aggressive price-cutter. As its outlets in the GrandMet and Intreprenor pub estates are freed over the next four years, it may be left at a disadvantage with rivals who each retain several thousand pubs.

That prospect, says one analyst, has led to "erratic and sometimes frantic" discounting to gain a more secure position.

But, whoever may have started the latest campaign, discounting is, and has long been, a weapon in the armoury of all the other brewers - Allied, Bass, Whitbread and Scottish & Newcastle.

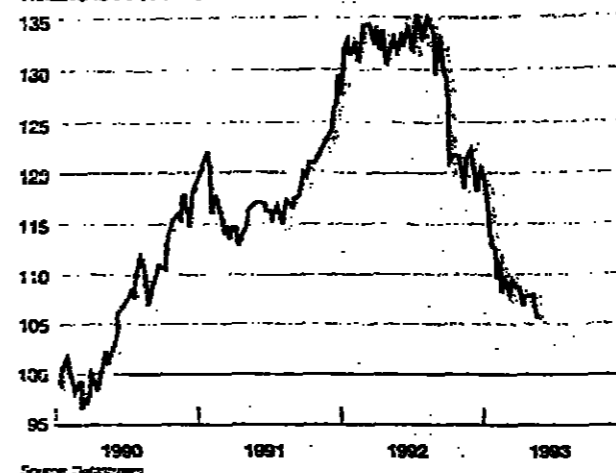
In the competition to supply some of the bigger pub companies - where increased volumes may compensate for lower prices - discounts have risen to about £80 a barrel, or about half the list price. The signs are that discounting, though on a lesser scale, is spreading to other areas of the free trade.

The key question is how far the brewers will be prepared to go, and for how long.

Mr Martin Hawkins, analyst at Nikko Securities, says: "It does not make commercial sense for the national brewers to have maintained a high level of capital investment in restructuring brewing and distribution operations if it is accepted that the overall

## FT-A Brewers & Distillers Index

Relative to FT-A All-Share Index



return will continue to diminish.

A committed volume-oriented strategy can ultimately only be successful through bankrupting the competition and running the risk of bankrupting oneself. It is in no one's interests to discount so aggressively for a protracted period that the major players go broke in the process.

Brewers, facing equal pressures on margins in the expanding take-home market, are well aware of the dangers.

Some of the pressure has been eased by cost benefits from the closure of breweries and other rationalisation measures. But there is still substantial over-capacity in the industry.

It would take the closure of another brewery by each of the nationals to remove it, says Mr Roy Moss, chairman of Carlsberg-Tetley.

It seems more likely that weaker regional brewers could be forced out of the industry first.

However, brewers are already finding that discounting alone is not enough to secure more volume.

It is significant that the price war so far has been confined to standard lagers and keg ales - and even there the better-known brands have had to concede less.

All the brewers' leading brands - Whitbread's Boddington and Stella Artois; Bass's Carling Black Label and Worthington; Allied's Tetley and Castlemaine - have increased volume without price cuts.

Such brand portfolios, backed by a supporting package that combines value for money, and quality of service including loans, long-term agreements, and promotional and business support, hold increasing attraction for retailers.

Provision of such packages does not come cheap: but free trade debts have cost Whitbread £37m. Allied's bad debt charges were £17m last year and Bass's provisions nearly doubled to £19m in its first half.

But the costs do not have quite the unnering effect on investors as the prospects of a full-scale price war. That consideration may help to restrain the present hostilities.

# Reduced write-downs cut Westbury loss

By Catherine Milton

WESTBURY, the Cheltenham-based housebuilder, saw pre-tax losses contract to £2.18m in the year to February 28 against losses of £15.1m.

The company said it was "cautiously optimistic", reporting in the first 11 weeks of this financial year a 15 per cent increase

in site visitors and a 20 per cent increase in reservations compared with a strong performance at the same time last year.

The losses followed exceptional charges of £7.3m (£15.8m), including a £5.6m write-down on the land bank bringing the total in land bank write-downs to £32m over three years.

There was also a £700,000 provision

against losses in associated companies and the projected shortfall in the cost of completing a joint venture. The company also provided £1m against outstanding home loans made as part of incentive packages.

Turnover was £133m (£132m). Losses per share were 0.3p (17.4p) and a final dividend of 3.25p (5.75p) gives a total for the year of 5p (5p).

# France and nursing homes boost Kunick

# Control agrees with creditors

By Paul Taylor

KUNICK, the leisure group, reported pre-tax profits of £2.06m for the six months to March 31, a 29 per cent increase on the comparable pro forma profits of £1.6m. There was a significantly improved performance in France and a turnaround in the UK nursing homes, writes Peggy Hollinger.

Last year it sold 50 per cent of Goldborough Holdings, its UK nursing home business to County NatWest Ventures. The results assume that the business had been a 50 per cent associate throughout both periods.

Sales were 5 per cent ahead at £49.3m (£47m). After preference dividends losses per share were 0.26p (0.39p).

Mr Christopher Burnett, chairman, said Goldborough's performance had encouraged the joint owners to aim for a flotation within the next 12 months.

CONTROL SECURITIES, the debt-laden property, pubs and brewing group, announced agreement in principle with its major creditors yesterday on restructuring proposals which would enable its shares to resume trading by the end of July.

The proposals, which will be subject to shareholder and bondholder approval, are designed to provide the group with what Mr John Kerslake, finance director, described as "a one year breathing space," while it embarks on a new business plan aimed at reducing gearing and strengthening the balance sheet by converting debt into equity.

Control's shares have been suspended at 16p since October 1991, when the group's offices were raided by the Serious Fraud Office in connection with the investigation into the Bank of Credit and Commerce International.

The group was not under

investigation, but Mr Nazmu Virani, its former chairman and chief executive, was arrested in March last year in connection with BCCI. Since July last year the group has been operating under a series of 30-day standstill agreements with its banks, led by Barclays, while the restructuring negotiations were conducted.

The centerpiece of the proposals is a new business plan under which the bulk of the group's assets would be sold in a "controlled programme of disposals" with the proceeds being used to repay the group's £148m bank debt in full.

The asset sale would include the group's mixed property portfolio which, it is hoped, would be largely sold by mid-1993, the group's UK and Spanish hotel operations and the Belhaven brewery in Scotland and 61 Scottish pubs.

In addition the group's Swiss franc bondholders will be offered a mixture of new 8 1/2 per cent deferred interest bonds and cumulative convert-

ible redeemable preference shares in exchange for their existing securities.

If the restructuring is approved at an extraordinary meeting on June 14, Mr Sydney Robin will step down as chairman and chief executive, and be replaced by Mr Howard Dyer, a consultant to the group since September who has been responsible with Mr Kerslake for devising the proposals. Under these the group will be renamed Ascot Holdings and will focus on the leisure industry, initially on the group's existing English pub estate which will be streamlined.

The estate currently comprises 588 tenanted pubs across the country. Under the plan a streamlined initial core of 150 English pubs would be kept.

Presenting the proposals, Mr Kerslake emphasised that there were substantial risks inherent within the restructuring proposals, but the board believes they represent the only practicable means for the group to continue to trade.

## THE AGRICULTURAL MORTGAGE CORPORATION PLC

### NOTICE

to the holders of the outstanding  
£100,000,000 11 3/8 per cent. Notes 1996

## THE AGRICULTURAL MORTGAGE CORPORATION PLC

(the "Noteholders", the "Notes" and the "Issuer" respectively)

Notice is hereby given that the Meeting of the Noteholders convened by the Issuer for Wednesday, 25th April, 1993 by the Notice published in the Financial Times on 2nd April, 1993 (the "Original Notice") was adjourned by lack of a quorum and that such adjourned Meeting of the Noteholders convened by the Issuer will be held at the offices of Linklaters & Paines, 59-67 Gresham Street, London EC2V 7JA on Monday 7th June, 1993 at 11.15 a.m. (London time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deeds of which the principal is dated 30th August, 1989 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the Noteholders:

### EXTRAORDINARY RESOLUTION

"That this Meeting of the holders of the outstanding £100,000,000 11 3/8 per cent. Notes 1996 (the "Notes") of The Agricultural Mortgage Corporation PLC (the "Issuer") constituted by the Principal Trust Deed dated 30th August, 1989 and the First Supplemental Trust Deed dated 10th May, 1991 both made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders") hereby:

- determines that completion of the purchase by Lloyds Bank PLC of all the issued share capital of the Issuer not previously owned by it shall not be treated as an event of default for the purposes of Condition 9 of the Terms and Conditions of the Notes as printed on the reverse of them and in the Second Schedule to the said First Supplemental Trust Deed (the "Conditions"), cancels the right of the Noteholders which has arisen under paragraph (viii) of Condition 9 to request the Trustee in writing or to direct the Trustee by Extraordinary Resolution to give notice to the Issuer that the Notes are immediately due and repayable by reason of such purchase by Lloyds Bank PLC and assents to the modification thereof by the deletion of paragraph (viii) of Condition 9 and the reference to that paragraph in the proviso to Condition 9;
- sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders against the Issuer involved in or resulting from the determination, cancellation and modification referred to in paragraph (1) of this Resolution;
- sanctions the proposal of the Issuer that the Noteholders or any of them may at their option, by depositing with any Paying Agent (as defined in the Conditions) the relevant Note or Notes, together with (i) all Coupons relating thereto which mature after the date fixed for purchase as specified below and (ii) a duly completed Purchase Notice in the form obtainable from any of the Paying Agents (which notice shall be irrevocable) at any time following the passing of this Resolution, require the Issuer to purchase all or any of their Notes on the business day (as defined in Condition 6) specified by the Noteholder in the Purchase Notice and falling not less than 10 days after the date of the deposit of the relevant Note or Notes at a price equal to the aggregate of 100 per cent. of their principal amount and an amount equal to interest accrued to that date, all in accordance with the Second Supplemental Trust Deed referred to in paragraph (4) of this Resolution; and
- authorises and requests the Trustee to concur in the determination, cancellation and modification referred to in paragraph (1) of this Resolution and the proposal referred to in paragraph (3) of this Resolution and, in order to give effect to this Resolution, forthwith to execute a Second Supplemental Trust Deed in the form of the draft produced to the Meeting and for the purposes of identification signed by the Chairman of it with such amendments (if any) to it as the Trustee shall require or approve."

Details of the background to, and the reasons for, the proposed Extraordinary Resolution are set out in the Original Notice.

The attention of Noteholders is particularly drawn to the quorum required for the adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Principal Trust Deed and the First Supplemental Trust Deed (including the Terms and Conditions of the Notes), the draft Second Supplemental Trust Deed referred to in the Extraordinary Resolution set out above and the Original Notice will be available for inspection by Noteholders during normal business hours at the specified offices of the Paying Agents set out below.

In accordance with normal practice, the Trustee expresses no opinion on the merits of the proposed determination, cancellation and modification or on the put option scheme, the principles of which it has had no part in formulating, but has authorised it to be stated that, on the basis of the information set out herein and in the Original Notice, it has no objection to the Extraordinary Resolution being submitted to the Noteholders for their consideration.

### VOTING AND QUORUM

- A Noteholder wishing to attend and vote at the adjourned Meeting in person must produce at such Meeting either the Note(s) of which he is the holder or the voting certificate(s) issued by a Paying Agent relating to the Note(s) in respect of which he wishes to vote.  
A Noteholder not wishing to attend and vote at the adjourned Meeting in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or instruct a Paying Agent to appoint a proxy to attend and vote at such Meeting in accordance with his instructions.  
Notes may be deposited with any Paying Agents or held to their order by Euroclear or Cedel for the purpose of obtaining voting certificates or appointing proxies in respect of the adjourned Meeting until the time being 48 hours before the time fixed for the adjourned Meeting (or, if applicable, any further adjourned such Meeting), but not thereafter. Notes so deposited or held for the purpose of obtaining a voting certificate will not be released until the first to occur of (a) the conclusion of the adjourned Meeting (or, if applicable, any further adjourned such Meeting) and the surrender of the voting certificate to the Paying Agent who issued the same. Notes so deposited or held for the purpose of instructing a Paying Agent to appoint a proxy will not be released until the first to occur of (a) the conclusion of the adjourned Meeting or any further adjourned such Meeting or any poll taken on any resolution proposed thereat (whichever is the later), and (b) the surrender to such Paying Agent (not less than 48 hours before the time for which the adjourned Meeting or any further adjourned such Meeting is convened or poll called) of the receipt issued by such Paying Agent in respect of each such deposited Note which is to be released and the giving of notice by such Paying Agent to the Issuer of the necessary amendment to the voting instruction.  
Any voting certificate(s) issued, any voting instruction(s) given and any appointment(s) of a proxy made pursuant thereto for the Meeting of Noteholders convened for 28th April, 1993 will be valid for the adjourned Meeting unless, in the case of voting certificates, such voting certificates are surrendered before, or in the case of voting instructions, such voting instructions are revoked or amended not less than 48 hours before, the time for which the adjourned Meeting is convened.
- Any Noteholder who, for the purpose of obtaining a voting instruction form or voting certificate, deposited his Note with any Paying Agent or (to the satisfaction of such Paying Agent) gave instructions to Cedel or Euroclear or another bank or depository approved by the Trustee for his Note to be released to the order of such Paying Agent, later than 48 hours before the time appointed for holding the first Meeting and who consequently was not issued with a voting instruction form or voting certificate will, provided such Note has not been released, be issued with a voting instruction form or, as the case may be, voting certificate for use in connection with the adjourned Meeting.
- The quorum required at the adjourned Meeting is two or more persons holding Notes or voting certificates or being proxies whatever the principal amount of the Notes so held or represented.
- Every question submitted to the adjourned Meeting shall be decided by a show of hands unless a poll is duly demanded by the Chairman of such Meeting or by one or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-fifth of the principal amount of the Notes then outstanding. On a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each £1,000 of Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy.
- To be passed the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast thereon. If passed, the Extraordinary Resolution will be binding upon all the Noteholders whether present or not at the adjourned Meeting and upon all the holders of the interest coupons appertaining to the Notes.

### PRINCIPAL PAYING AGENT

S.G. Warburg & Co. Ltd.  
Paying Agency  
2 Finsbury Avenue  
London EC2M 2FA  
PAYING AGENTS

Kreditbank S.A. Luxembourg  
43 boulevard Royal  
L-2955 Luxembourg

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THE AGRICULTURAL MORTGAGE CORPORATION PLC  
21st May, 1993

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FINANCIAL TIMES  
MAGAZINE

## International Bank for Reconstruction and Development

Washington, D.C.

DM 250,000,000  
Floating Rate Notes of 1993/2003

Issue Price: 100%  
Interest Rate: 7 1/4 % p.a., payable annually in arrears on May 19 of the years 1994 and 1995, thereafter 12 1/4 % p.a. less Six-Months-DM-LIBOR, payable semi-annually in arrears on May 19 and November 19 of each year. The deduction shall not exceed 12 1/4 % p.a.  
Repayment: May 19, 2003, at par  
Listing: Düsseldorf and Frankfurt/Main

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Kassendirektionsgesellschaft und Aktienbank

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Bayerische Hypotheken- und Wechsel-Bank

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مكتبات الصحف

EC directive requires disclosure of hidden reserves for the first time

## Gerrard & National rises 61%

By Robert Peston,  
Banking Editor

GERRARD & National, the financial group which owns one of the City of London's leading discount houses, yesterday made a full disclosure of its profits and reserves for the first time in its 137-year history.

Following the implementation of the European Community's second banking directive, Gerrard has ended the practice of making transfers of undisclosed sums to and from hidden reserves.

On the new accounting basis of making full disclosure, Gerrard made pre-tax profits of £25.2m in the year to April 5, a rise of 61 per cent on a restated £15.7m.

It also disclosed that it had £6.1m in hidden inner reserves, which have now been transferred to published reserves. On this new basis, published shareholders' funds totalled £108m at the year end.

Gerrard's business is divided into two parts, a trading division, which acts as a principal in securities and money markets, and a broking division, which is an agent in the same markets.

The trading division made



Brian Williamson: withdrawal from ERM had benefited the group

pre-tax profits of £11.3m, a rise of 74 per cent, while the broking division made £13.9m, 53 per cent higher.

Mr Brian Williamson, chairman, said the group was a substantial beneficiary from the trading activity generated by the UK's withdrawal from the Exchange Rate Mechanism last autumn and the subsequent falls in UK interest rates.

Gerrard & National Limited,

the group's discount house which is part of the trading division, made pre-tax profits of £8m, up from £3m. Discount houses are traders in short-term money market instruments such as bills of exchange, and have the privilege of being able to trade directly with the Bank of England.

The dividend for the year is being increased from 21p to

21.5p, an increase of 2.4 per cent on 1992. Earnings per share were 38p, up from 34.3p.

Mr Williamson said the small dividend increase was justified by Gerrard's record of always increasing the dividend, even during more difficult trading conditions, ever since the group took its modern form in 1969 with the merger of two discount houses, Gerrard & Reid and the National Discount Company.

He pointed out that the group had diversified its interests substantially over the past few years. As a result, earnings from non-discount interests last year contributed 90 per cent of the cost of the group's dividend, compared with 20 per cent four years ago.

King & Shaxson, another discount house group, also disclosed yesterday that it more than doubled profits in the year to April 30. Profits before exceptional items but after providing for rebate and taxation were £2.2m, up from £900,000.

The full year dividend proposed by the group is 9p, up from 5p.

The consolidated profit and loss account for the year includes the results of Smith St Aubyn, a discount house owned by King & Shaxson.

## SmithKline alliance with genes company

By Clive Cookson,  
Science Editor

SMITHKLINE Beecham, the Anglo-American pharmaceutical group, is setting up a wide-ranging strategic alliance with Human Genome Sciences, one of the new wave of US companies set up to identify the structure and function of human genes in health and disease.

The goal is to convert genetic discoveries into new drugs and diagnostic products. By the nature of pharmaceutical research, these are unlikely to reach the market for several years.

The companies refused to disclose any financial details, but SK will have to spend tens of millions of pounds on R&D if the collaboration is to lead to significant new products.

Dr George Poste, SK's pharmaceutical R&D chairman, said the work would lead to new drugs and vaccines and also to accurate molecular tests for the early detection of disease, including the identification of people at risk before any symptoms have appeared.

## Inveresk valued at £79m in 150p share offer

By James Buxton, Scottish  
Correspondent

INVERESK, the Scotland-based specialty paper maker, is valued at £78.8m in a placing and intermediaries offer launched yesterday, with shares being issued at 150p.

The company, which was bought out by its management from Georgia-Pacific in 1990, is going public in order to expand and, over time, to make acquisitions.

It operates four mills, three in eastern Scotland and one in Somerset, making specialty types of paper.

The offer will raise £32.1m. Of this £7.8m will be used to pay off preference shares and outstanding borrowing, leaving about £2m to help finance future expansion.

After the issue Inveresk will be without debt and will have unutilised borrowing facilities of £20m.

On the basis of historic earn-

ings per share of 11.5p for the year to November 28 1992, the offer values the company at 13 times earnings. Notional net dividend per share last year was 5p, producing a yield of 4.2 per cent.

Of the 22.8m shares being issued, some 14.7m are being placed with institutions and 7.9m are offered to directors, employees and intermediaries. Directors are retaining 85 per cent of their holdings and, with employees, will own 26 per cent of the company after the issue. Existing institutional shareholders will own 23 per cent.

### COMMENT

Inveresk is floating without a profits forecast and with an operating profits line that does not soar upwards. But that is good by the standards of the paper industry over the last three years. As an MBO company it paid off its debt rapidly and invested in plant improve-

ments. Having recently extricated itself from high volume, commodity sectors of the paper market, it is purely a niche operator with a broad spread of products and customers. Pulp represents only 30 per cent of total costs. It now has a low cost base and enjoys operational gearing in spare capacity to take advantage of the economic upturn in the UK. Management is experienced, though not necessarily in making acquisitions, which it intends to do. Opinion is divided on whether Inveresk will itself be taken over, but that is not its intention. The placing has proved popular with institutions looking for a stock which will benefit from this stage of the cycle and allocations have been much smaller than those asked for. The issue is fairly priced at a modest discount to the market on a historic p/e ratio of 13, which could easily go to 15 when trading begins.

## Sindall shares suspended

Shares in William Sindall were suspended at 90p yesterday at the company's request pending the outcome of an appeal by Cambridgeshire County Council against a judgment in favour of the company.

The High Court had found for Sindall, the building, civil engineering and property development group, in respect of an action for rescission of a contract made in 1988 under which land was purchased from the council for £5.08m.

Sindall postponed announcement of its annual results pending the appeal, which is expected today.

| DIVIDENDS ANNOUNCED |                 |                 |                        |                |                 |
|---------------------|-----------------|-----------------|------------------------|----------------|-----------------|
|                     | Current payment | Date of payment | Corresponding dividend | Total for year | Total last year |
| Airflow Stream      | 2               | July 19         | 0.1                    | 3              | 0.1             |
| Chesterfield        | 7.5             | July 10         | 11.5                   | 11             | 18.5            |
| Drayton B'Chip      | 5.485           | July 9          | 5.485                  | 8.4            | 8.4             |
| Drayton Eng & Int   | 0.6             | July 15         | 0.6                    | 1.2            | 1.2             |
| Ferguson Int        | 8.25            | July 6          | 8.25                   | 12.5           | 12.5            |
| Gerrard & Nat       | 15.5            | July 1          | 15                     | 21.5           | 21              |
| King & Shaxson      | 5               | June 25         | 2.5                    | 9              | 5               |
| Martin Currie       | 0.29            | Aug 12          | 0.2                    | 0.29           | 0.2             |
| Merchant Retail     | 0.75p           | -               | nil                    | 1.1            | 1.1             |
| Mezzanine Cap       | 7.25            | -               | 7.25                   | 13.75          | 14.5            |
| New Throgmorton     | 2.25            | July 30         | 2.25                   | 6.75           | 6.75            |
| River & Merc        | 2.25            | July 6          | 2.25                   | -              | 9.2             |
| Scottish Power      | 7.43            | Oct 1           | 8.75                   | 11.15          | 10.13           |
| South'n Business    | 1.27            | Aug 12          | 1.15                   | -              | 3.38            |
| Southern Radio      | 0.3             | July 23         | nil                    | -              | 0.7940          |
| Starlin             | 0.2             | July 7          | 0.2                    | 0.3            | 0.3             |
| Storehouse          | 2.5             | Aug 12          | 2.5                    | 5              | 5               |
| Throg' Dual Tot     | 1.75p           | July 30         | 1.75                   | -              | 7               |
| Warner Estates      | 3.65            | July 12         | 3.5                    | -              | 10.5            |
| Westbury            | 3.25            | July 16         | 5.75                   | 5              | 9               |

Dividends shown pence per share net except where otherwise stated. \*On increased capital. \$USM stock. \*Third interim.

## French Connection returns to the black

By Peter Pearce

AFTER a plunge to losses of £2m last time, French Connection, the USM-quoted clothing wholesaler and retailer which is 90 per cent owned by Mr Stephen Marks, scraped back into the black with £102,000 pre-tax in the year to January 31.

Mr George Wardale, chairman, pointed out that second-half profits were £637,000, a position with which he said he could be "cautiously positive."

Operating profits emerged at £2.48m (losses £3.94m).

The year saw further ration-

alisation and reorganisation of the group. This restructuring followed the management changes, and the consequent shifts in activity, of a year ago. Exceptional costs of £1.32m (£2.93m) included some £800,000 for the closure or disposal of seven French Connection concessions. There are now 31 outlets in the UK and eight in the US.

Mr Wardale said that, all things remaining equal, the rationalisation of the retail business was complete. The £500,000 balance in the exceptionals was for the closure of the warehouse in France and

professional fees connected with the group refinancing.

These moves were part of the concentration on the core - made up of the brands and outlets of French Connection and Nicole Farhi.

Although sales in French Connection Wholesale declined £2m to £10.3m operating losses were cut to £1.1m (£2.8m).

Nicole Farhi Wholesale lifted sales to £6.8m (£5.4m) and, with improved margins, made profits of £1.6m (losses £300,000).

Retail sales grew £800,000 to £13.6m and losses shrank to £200,000 (£300,000).

Profits of £900,000 (losses £100,000) were struck in the US. The French operation broke even (£400,000 loss) on lower sales, and in Hong Kong profits were held at £300,000 because of adverse currency movements.

Group turnover decreased to £47.4m (£49.8m). Losses per share were 3p (40.6p).

## Improvement at Martin Currie

Net asset value per share of the Martin Currie European Investment Trust stood at 92.5p at the April 30 year end, against 82.6p six months earlier and 85.5p a year ago.

Net revenue for the 12 months grew from £121,000 to £153,000. Earnings per share improved to 0.56p (0.53p) and a final dividend of 0.23p (0.2p) is recommended.

## POLAND

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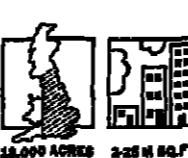
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FINANCIAL TIMES

### UNILEVER N.V.

DIVIDEND ON DUTCH CERTIFICATES OF F1,000.F1,100.F1,20 and F1,4

N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR  
Final dividend payments of F1.40 per F1.4 ordinary capital in respect of the year 1992 will be made on or after 21st May 1993 against surrender of Coupon No 12. Coupons may be encashed through one of the paying agents in the Netherlands or through Midland Securities Services ("Midland") at the address below, in the latter case they must be submitted on the special form, obtainable from the Bank, which contains a declaration that the certificates do not belong to a Netherlands resident.

DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will, generally, be liable to Dutch dividend tax at only 15% provided the appropriate Dutch exemption form is submitted. No form is required from UK residents holding "K" certificates if the dividends are claimed from "Midland" within six months from the above date. If the certificates are owned by a UK resident and are effectively connected with a business carried on through a permanent establishment in the Netherlands, Dutch dividend tax at 25% will be deducted and will be allowed as credit against Dutch tax payable on the profits of the establishment. Dutch dividend tax at 25% is payable on the profits of the establishment. Dutch dividend tax at 25% is payable on the profits of the establishment. Dutch dividend tax at 25% is payable on the profits of the establishment.

For "GROSS TAX" at the reduced rate of 5% on the gross amount will be deducted from payments made to UK residents instead of at the lower rate of 15%. This provision is a discretionary concession offered at the rate of 5% for the Dutch dividend already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Form DTD 100 of non-residence to the UK.

A statement of the procedure for claiming relief from Dutch dividend tax and for the endorsement of coupons, including names of paying agents and convention countries, can be obtained from Midland at the address below.

N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR  
London Transfer Office, Midland Securities Services, Client Delivery, Stock Exchange Services, Suffolk House, 5 Laurence Pountney Hill, London EC3R 5EU  
21st May 1993

The above announcement is the same as that published on 5th May 1993 except that the information given in respect of UK Income Tax has been amended.

### Notice of Interest Payment

#### To Extended Term Debenture Holders

#### K mart (Australia) Finance Limited Extended Term Debentures due 2002

Shawmut Bank Connecticut, National Association as Trustee for K mart (Australia) Finance Limited Extended Term Debentures due 2002 under an Indenture dated as of July 1, 1976 between K mart (Australia) Finance Limited and Shawmut Bank Connecticut, National Association hereby confirms the following:

- For the period to June 30, 1994,  
1. The Minimum Redemption Price per \$1,000 principal amount of Extended Term Debentures is \$665.82.  
2. The principal amount outstanding of each Extended Term Debenture is their face value, \$1,000, \$10,000 and \$100,000, respectively.

- The interest payable on July 1, 1994 will be \$120.31 per \$1,000 principal amount of Extended Term Debentures.

Shawmut Bank Connecticut, National Association  
as Successor Trustee to  
NATIONAL WESTMINSTER BANK USA

May 21, 1993

## COMPANY NEWS: UK

### Funds needed for privately-financed infrastructure projects Laing seeks £39m in placing

By Andrew Taylor,  
Construction Correspondent

JOHN LAING, one of Britain's biggest construction groups, is raising £39m, part of which will be used to invest in privately-financed European infrastructure projects.

The company is a member of joint ventures bidding to construct a privately-financed road toll bridge across the Firth of Forth in Scotland and a toll bridge across the river Tagus in Lisbon, Portugal.

It is currently building a toll bridge across the river Severn, between England and Wales, in the joint venture with GTM Entrepote, the French construction group.

Laing is raising the cash through a placing and offer to shareholders of 40.2m of 6.4 per cent convertible cumulative preference shares. The issue is being handled by Barclays de Zoete Wedd. Shareholders are being offered 9 convertible shares at £1 each for every 20 ordinary shares held.

John Laing yesterday joined the growing number of UK housebuilders to report a sharp improvement in the housing market since the beginning of this year.

The company said that agreed sales, on which a deposit had been paid, rose significantly compared with the first four months of last year. Part of this was because of a temporary rise in sales to Housing Associations taking advantage of a government spending initiative which ended in March.

If Housing Association business was excluded, private sector sales had still risen by 20 per cent, said the company, which operates only in south-east England.

"Downward pressure on prices in the south-east has virtually ceased and the need to employ sales incentives is reducing," according to Laing which said it had seen a considerable improvement in the level of deposits taken in the first three months of 1993.

The company, which made a £11.6m pre-tax profit last year following a £65.3m loss in 1991, says it needs the money to increase its involvement in private infrastructure projects. It will also be used to expand Laing's overseas contracting business, particularly in the Far East and to expand its private housebuilding operations from south-east England, where it currently operates, into the Midlands.

Laing says it is also looking at opportunities in continental Europe through its recently formed Société Européenne de Construction joint venture with GTM Entrepote of France, NCC of Sweden and Strabag Bau of Germany.

Laing had net cash of £34m at the end of April, but this excluded £125m of guarantees, performance bonds and letters of credit which increasingly are being sought by UK and

international construction clients.

The group said that increased demand for performance bonds and the requirement of a strong financial base to bid for private infrastructure projects had persuaded it to increase shareholders' funds through a preference issue rather than raise debt, despite its strong cash position.

Mr Martin Laing, chairman, said: "The increasing requirement for contractors to provide performance guarantees means that balance sheet strength is, and will continue to be, a competitive consideration in securing new business."

Performance bonds of up to 10 per cent of a contract's value mean that large amounts of capital can remain tied up in jobs that have already been completed, putting increased strain on balance sheets. A shortage of construction work in the UK meant that customers have been in a much stronger position to demand performance guarantees.

### Ferguson doubles to £9.7m as managing director resigns

By Catherine Milton

FERGUSON International Holdings, the diversified printing and publishing group, almost doubled pre-tax profits to £9.7m in the year to February 28.

The advance from £4.9m a year earlier was thanks partly to flatter comparisons under the FR3 accounting rules.

The company, whose shares closed up 18p at 323p, also announced the resignation by "mutual consent" of Mr Michael Saint as group managing director.

Having managed the refocusing of the company over the past three years, Mr Saint said

it was time to move on. A successor would be announced later, the company said.

Underlying profit growth was 28 per cent after stripping out exceptional costs for the closure of disposals and restructuring. These were a net £849,000 this time and £3.3m a year earlier.

Operating profits on continuing activities rose 25 per cent to £11.4m. Interest charges fell to £777,000 (£1.1m) while gearing was reduced to 15.1 per cent (25.1 per cent).

The clothing hangers division was the only one to show a fall in operating profits to £2.47m (£2.63m) on improved turnover of £31.5m (£31.1m).

The company's biggest business, labels, improved margins and contributed £6.7m (£4.4m) on turnover of £58.1m (£51.8m).

Communications components improved profits to £1.97m (£1.56m) on turnover of £30.5m (£16.8m).

Printing and publishing raised its input to £333,000 (£493,000) on turnover of £11.1m (£10.5m) and took a small loss on discontinued operations.

Turnover from continuing operations rose to £121m (£110m) thanks mainly to volume gains in difficult markets.

The unchanged final dividend of 8.25p maintained the total at 12.5p, out of earnings per share of 19.5p (16.5p).

### Net assets improve at MCIT

By Philip Coggan,  
Personal Finance Editor

MEZZANINE Capital and Income Trust (2001) maintained its final dividend at 7.5p yesterday, as it announced an increase of 43 per cent in the net asset value of its capital shares and 9.6 per cent in the net value of its income shares in the year to March 31.

The split capital investment trust invests in the debt and in the shares of US companies. The portfolio, which is managed by Jordan-Zalaznick, the US group, has investments in just eight companies.

During the year, the trust realised an investment in Rockwood, which brought in \$9m. A restructuring of American Safety Razor, another of the group's investments, resulted in MCIT receiving \$1.2m of payment-in-kind notes.

Although these are classed as revenue, they are not cash, and the board accordingly cut its interim dividend. The total dividend is thus down at 13.75p, against 14.5p.

However, ASR has filed to make a public offering in the US. If this happens, MCIT will receive cash for the payment-in-kind notes, which it will distribute as a special interim dividend.

The trust's equity assets were valued at £55.9m, up from £43.3m at the end of the previous financial year, an increase of 29 per cent.

The net asset value per capital share was 255.3p, while net per income share was 120.7p.

### Starmin offers 50% higher enhanced scrip

By Nigel Clark

STARMIN, the Guildford-based quarry products group, has joined the growing trend for proposing enhanced scrip dividends to ease the company's unrelieved advance corporation tax situation and conserve cash resources.

The scrip offer is worth 30p per 100 shares, a 50 per cent improvement on the unchanged cash dividend of 0.3p including a recommended maintained final payment of 0.2p.

Although Starmin now operates mainly in the UK the unrelieved ACT arose from the companies in the group when the Abdullah brothers bought into it in 1989 following their departure from Evered, and the operations of acquisitions.

Mr Raschid Abdullah, chief executive, added that cash conservation was as important a reason as the ACT. "Although smaller companies are returning to fashion raising funds is still difficult," he said.

In the 1992 year the company reported a pre-tax loss of £8.06m, compared with profits of £1.94m. The maintenance of the dividend was based on the company's prospects, which

the board viewed with a little more confidence than at the interim stage.

In the current year there had been some signs of increased activity and a satisfactory result in the first three months. But the company warned that the recovery would be slow and difficult.

The pre-tax figure was achieved after exceptional charges of £9.21m (£924,000) relating to reorganisation and restructuring costs less earlier provisions and property sale profits.

Of the pre-exceptional profits of £1.87m (£2.38m), £2.24m (£3.35m) related to continuing operations.

Mr Abdullah said that the company had taken a cautious view of the year and was one of the reasons for the delay in publishing the results. He thought that most of the necessary actions had been taken to secure the future.

Turnover was static at £20.1m (£20m) and losses per share came out at 2.5p against earnings of 0.5p.

At the annual meeting Mr Owen Rout is being replaced as chairman by Lord Parkinson, the present deputy.

See Observer

### Warner Estates declines to £3.76m at midterm

WARNER Estates reported pre-tax profits of £3.76m for the six months to March 31, compared with £4.11m restated on a FR3 basis to take account of realised capital surpluses less released revaluation gains.

The main interest of the company is property investment but the pre-tax figure also included losses of £268,000 from marble and tiling activities.

Turnover was £5.41m

(£6.42m) including £1.16m (£505,000) from marble and tiling.

Rental income increased slightly and this was expected to continue as rent reviews and lettings occurred. Further restructuring has been undertaken at marble and tiling where indications for the second half were more hopeful.

Earnings per share came out at 5.43p (6.06p) and the interim dividend is raised to 3.85p (3.5p).

### OGC placing and offer is oversubscribed

APPLICATIONS under the placing and offer of 12m OGC International ordinary shares have been received for a total of 20.25m, resulting in the offer being subscribed 1.7 times.

The 47 applications for 77,450 shares, which were received from eligible employees, will be allotted in full, while the 298 by eligible Fairhaven shareholders for 1.98m shares will be allotted on the following basis.

For up to 30,000 applied for: in full; up to 40,000: 75 per cent; over 40,000: 65 per cent.

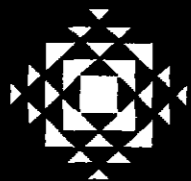
There were 14,003 public applications for 18.2m shares and these will be allotted on the following basis: up to 500 shares: in full; up to 600: 500; up to 700: 550; up to 800: 600; up to 900: 650; up to 1,000: 700;

between 1,500 and 3,000: 50 per cent; between 3,000 and 10,000: 45 per cent; between 10,000 and 50,000: 40 per cent; between 50,000 and 100,000: 35 per cent; between 100,000 and 300,000: 30 per cent and over 300,000 approximately 25 per cent.

Dealings are expected to start on June 1.

### UniChem purchase

A UniChem subsidiary, E Moss, has acquired a pharmacy in Gainsborough, County Cleveland from AJ Leeming for a maximum of £540,000. The consideration consists of £315,000 cash and the balance through the issue of 96,804 UniChem ordinary.



ScottishPower

## Achieving better performance

- Operating profit before exceptional items up by 17.2 per cent to £330 million
- Earnings per share after exceptional items up 6.3 per cent to 26.9p per share
- Dividend for year up 10.1 per cent to 11.15p per share
- Net Debt reduced to £98 million and gearing cut to 12.2 per cent

### PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH, 1993

Commenting on the results, Mr. C. Murray Stuart, Chairman of ScottishPower, said:

"The past year has been an extremely active and successful one for the company. The main theme has been a continual striving for better performance - the quest to improve customer services, grow our earnings and strengthen the balance sheet.

During 1992, we undertook a review of our activities and external environment with the overall objective of developing a strategy for the company that maximises shareholder value. In our core businesses, we found that we were performing well against our peer group in the United Kingdom. We can, however, do better and we aim to achieve

performance in line with best practice worldwide. Our budgets for 1993/94 have been pitched to achieve substantial progress towards those levels.

We are also aiming to prudently expand the company's interests beyond its core into other utility-related businesses which provide opportunities to create value above those available to our shareholders through their own direct investment.

We believe that in the short-term we have a basis for improving profits and dividends, whilst we position the Group to take advantage of longer-term opportunities both for growth in the core business on a sustainable basis and for creating a broader utilities-based business in the future".

For further information please contact Public Affairs:  
Telephone 041 637 7177  
Facsimile 041 636 4655

مكازم الأصول

## Minister calls for an entrepreneurial approach Denton stirs debate on future of junior market

By Peggy Hollinger

THE DEBATE over the future structure of a junior market was given added impetus yesterday with a call from Baroness Denton, the minister for small companies, for a more entrepreneurial market aimed at encouraging growth in smaller companies.

Speaking to the Financial Times at the opening of the Hoare Govett Small Companies Exhibition, Baroness Denton called for a "greater sense of risk and enterprise" in any new market which might succeed the Unlisted Securities Market, due to close in 1996.

"Some people want to gamble with their investments and I would rather they gambled on industry than on horses," she said.

Referring to the Stock Exchange's role as a regulatory body, which is often quoted as one of the main obstacles to the

creation of a higher risk professional market, the minister said: "I think there is a balance which can be achieved between risk and security."

She stressed the importance of smaller companies to the UK economy. Figures published this week showed that companies with fewer than 20 employees had helped create 350,000 new jobs between 1989 and 1991. "Britain's prosperity depends on the continuing vitality of this sector," she said.

The minister is due to meet Stock Exchange representatives next month to discuss alternatives to the USM.

Proposals include the call by the lobby organisation, Cisc, for a three-tier market, including a higher risk sector aimed at professional investors. The Stock Exchange has also set up a working party on the issue, which meets for the first time next week.

The small companies exhibition, the second organised by Hoare Govett, attracted some 45 companies ranging in market value from £5m to £250m.

Hoare Govett estimated that between 300 and 350 brokers, institutional investors and visitors were due to attend the exhibition in London's Barbican centre.

Mr Peter Meinertzhagen, chairman of Hoare Govett, said the recent revival in the UK smaller companies market had begun to attract international investors. Representatives from the US had attended the London exhibition.

Exhibition participants welcomed the opportunity to meet a wide range of institutions and brokers.

"We have seen a lot of fund managers we might never have met," said Mr James Wallace of Pifco Holdings. "From that point of view it is definitely worth a day out."

## Southern Business shares fall after provisions warning

By Peggy Hollinger

SHARES in Southern Business Group fell by 19 per cent yesterday to 67p as the photocopy leasing company warned it would make provisions of £3m in the second half to pay for a reorganisation of existing contracts.

The company said it had decided to make fundamental changes to the way in which its contracts were marketed and administered.

Customers would be sent bills showing the amount of copies actually made, along with the volume agreed in the contracts. In many cases, because of the effects of recession on smaller businesses, the actual number used would be lower.

Southern Business Group plans to bring its existing contracts in line with the actual number used.

"This policy will enhance the group's reputation for customer service," said Mr David McErlain, chairman. "While it will inevitably lead to an ongoing cost, the board believes the benefits... will significantly outweigh these costs."

The decision follows the group's revelation earlier this year that it had uncovered "improprieties" in its dealings with some customers. About 12 salesmen and one director subsequently left the company.

Southern issued the warning yesterday as it revealed virtually static pre-tax profits for the first half of £7.2m (£7.1m). Sales were 8 per cent ahead to £29.4m for the six months ended March 31.

Although Mr McErlain said market conditions remained difficult, the dividend was raised by 10 per cent to 1.27p. Earnings were ahead from 4.83p to 4.99p.

The group also announced the appointment of Mr Roger Limpenny, previously finance director, as joint managing director with Mr McErlain. Mr David Holton, company secretary, was appointed finance director.

### NEWS DIGEST

## Merchant Retail falls to £1.08m

PRE-TAX profits of Merchant Retail Group fell by £540,000 to £1.08m in the year to March 27, although turnover increased from £170m to £186m.

The results include property profits of £664,000 and a provision of £574,000 for the closure of Barnum's.

Mr David Wallis, managing director, said it had been a difficult year for both of the group's main divisions: Normans, the supermarket side, is operating in an extremely competitive marketplace, while Joplings, the stores division, has had to compete particularly strongly for available consumer spend.

Capital expenditure amounted to £5.6m (£5m), but tighter controls on working capital had resulted in a reduction in bank borrowings to £16.7m (£17.8m), he added.

Gearing was cut to 63 per cent, against 65 per cent. A final dividend of 0.75p (nil) makes an unchanged total for the year of 1.1p. Although not fully covered by earnings of 0.84p (1.24p), the directors said the payment was appropriate as action had been taken to deal with the loss-making businesses and further cost reductions were being introduced.

The shares put on 1 1/2p to 16 1/2p.

small improvement to 9p (8.85p). A same again final dividend of 1.485p is proposed to maintain the total at 8.4p.

Drayton English & International Trust also reported an increase in net asset value. The year to April 5 ended with net assets of £1.65m (£1.63m).

The dividend for the year is unchanged at 1.2p, including a final of 0.6p, on earnings per share of 0.63p (0.71p).

Gross income declined to £3.96m (£4.4m). The directors said that, although income improved in the next year they would have to reconsider the level of payment.

## Southern Radio records 59% rise

Southern Radio, which broadcasts in Hampshire, Kent, Sussex and the Isle of Wight, reported pre-tax profits up from £165,000 to £263,000 in the six months to end-March - a 59 per cent advance.

The outcome was achieved on turnover up from £3.17m to £4.01m. Earnings per share worked through at 0.62p (0.49p) and an interim dividend of 0.3p (nil) is declared.

The directors said the recession in the south-east had been deep and long, and had been at its worst in January and February. It was still too early to say if the first signs of a return of confidence would continue for the rest of the year, they added.

## Chesterfield Props shares rise 21%

Chesterfield Properties' share price rose 21 per cent from 272p to 330p yesterday after the company reported a £1m increase in 1992 pre-tax profits to £7.68m.

Mr Roger Wingate, chairman, said: "For the first time since 1989, I am reasonably

confident that the immediate future (for Chesterfield) will be better than the recent past."

He said the figures were not wholly indicative of the company's strengthened position. They did not show the effect of reduced interest rates on the profit and loss account.

Since the year-end borrowings had been reduced by £79m, thanks to the sale of properties in Oxford Street, central London, and Leighton Buzzard, Buckinghamshire.

Net asset value fell by 25 per cent to 356p (534p) due to the reduced value of the investment portfolio. A reduced final dividend of 7.5p (11.5p) has been recommended, for a total of 11p (18.5p) on earnings per share of 15.71p (12.02p).

## Downiebrae in acquisition talks

Shares in Downiebrae Holdings, the Glasgow-based engineering group, closed 8p up at 82p yesterday after the announcement that it was in talks which could lead to a substantial acquisition.

The surge from 87,000 was achieved on sales of £66.1m (£61.1m) for the year to February 28.

The recommended final dividend of 2p makes a total of 3p against 0.1p previously. Earnings per share of 10.38p compare with a 0.07p deficit.

The company said the body engineering division had an exceptional year, despite significant debt provisions, but this was unlikely to be repeated.

## Airflow Streamlines surges to £1.5m

Further progress in the second half led Airflow Streamlines, the vehicle cab maker and Ford main dealer, to report substantially higher annual pre-tax profits of £1.5m.

The surge from £87,000 was achieved on sales of £66.1m (£61.1m) for the year to February 28.

The recommended final dividend of 2p makes a total of 3p against 0.1p previously. Earnings per share of 10.38p compare with a 0.07p deficit.

The company said the body engineering division had an exceptional year, despite significant debt provisions, but this was unlikely to be repeated.

Department of Trade and Industry  
London  
10 May 1993



ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE (IRI) S.p.A.

## ANNOUNCEMENT OF SOLICITATION TO OFFER FOR 32% OF SME'S SHARE CAPITAL WHICH WILL BE OWNED BY IRI AFTER THE DEMERGER OF SME

On January 7, 1993 the meeting of the shareholders of Istituto per la Ricostruzione Industriale (IRI) S.p.A. ("IRI") (headquartered in Rome, Via Vittorio Veneto 89) approved the plan for the demerger of SME - Società Meridionale Finanziaria S.p.A. ("SME") (headquartered in Naples - Centro Direzionale, Via G. Porzio, 4, Isola A, Edificio 7, and registered at the Court of Naples at n. 22/1966 with fully paid-up capital of Lire 453,859,500,000 and with a statutory purpose of owning and managing equity stakes in companies operating in particular in the food, retail and catering industries). IRI owns 62.12% of SME's share capital, equal to 281,949,665 shares.

The Board of Directors of SME has proposed the demerger which will have to be approved by the shareholders' meeting of SME called for June 15, 1993 in the first instance, and for June 16, 1993 in the second instance. The demerger plan foresees, among other things, the transfer into newly formed companies, for which the sale procedures have already been started, of all the shares held by SME in Italgel (100%) and in Cirio-Bertolli-De Rica (99.99%).

After the demerger, SME will be left with the retail activities (Società Generale Supermercati and its subsidiaries SLCO. and Serio), catering activities (Autogrill) and real estate and trade promotion activities (Athena). Furthermore SME will retain control of SME International.

While proceeding with the demerger, IRI intends to solicit and to screen acquisition offers for 145,235,040 shares constituting 32% of SME's share capital. The sale of these shares is dependent upon completion of the demerger plan. Offers are to be invited from institutional investors and industrial entities, both Italian and foreign. This invitation is being extended only to limited liability companies or other entities which, as of the date of the last approved financial statements, had net worth of not less than Lire 15 billion, or which can provide equivalent guarantees acceptable to IRI. Brokers, trustees, partnerships and single persons are excluded.

Under the terms of this announcement, individual interested parties may only acquire blocks of either 18,154,380 shares (4% of share capital) or 36,308,760 shares (8% of share capital). However it is intended that parties grouped together will form a concert party which will offer for the whole of IRI's 32% stake under offer. Under article 10 of Italian law 18/2/92 n. 149 the winning concert party will then be obliged to launch a compulsory "Offerta Pubblica di Acquisto" ("OPA") or public tender offer for a further 32%.

The winning party, through a shareholders' agreement (the "Shareholders' Agreement") will constitute a core group of shareholders owning 50% of SME's share capital. This core group of shareholders will include IRI which will participate with a shareholding in SME of 5%. The remaining 45% will consist of the entire 32% of SME's share capital to which this announcement refers, together with a further 13% which will be acquired as a result of the OPA. IRI will undertake to sell a sufficient number of shares to ensure the acquisition of a further 13% of SME's share capital under the OPA.

The acquisition by the concert party of shareholders of 32% of SME's share capital, together with the above mentioned IRI undertaking, will guarantee the position of the concert party as principal shareholder in SME.

The shares owned by the winning group and not subject to the Shareholders' Agreement should be dealt with according to a consensus of the concert party, in order to achieve the best diffusion of the SME shares to the public. A part of these surplus shares may be utilized for the involvement of SME group management.

For the purposes of this transaction IRI has engaged the service of Wasserstein Perella International Limited ("WP") as its financial advisor. Interested parties should direct enquiries to the following:

Wasserstein Perella & Co. Limited  
10-11 Park Place,  
London SW1A 1LP  
England  
Marco Capello - Director  
Karen Dodd - Associate  
Tel: (44 71) 499 4664  
Fax: (44 71) 495 2545

Parties interested in making an offer who meet the aforementioned requirements should observe the following procedure:

**Registration of Interest** - parties should register interest at the above address in writing (registration by fax is acceptable), whereupon they will be informed as to the application for the "Solicitation to Offer" containing additional terms of the procedure, the Information Memorandum, and the sale and purchase agreement including the draft of the Shareholders' Agreement and will be sent the text of the Confidentiality Agreement.

**Application** - the aforementioned application should be received at the above address not later than June 7, 1993 and should include the Confidentiality Agreement, signed by the legal representative.

**Preliminary Offer** - Interested parties will be allowed to participate in the offer as part of a predetermined group. Therefore interested parties not part of a group will need to form a group within the time frame of the offer procedure in order to make a preliminary offer for 32% of SME's share capital; such offer will then be followed by a definitive binding offer.

A preliminary offer, in any case for 32% of SME's share capital, may be presented provided that there are sufficient members of the concert party to cover at least three-quarters of the shares being sold by IRI (i.e. 24% of SME's share capital). In this case the rest of the quota should be allocated before presentation of the final offer, to one or two parties who meet the requirements prescribed by the Solicitation.

Upon registering interest, parties will also be told the procedures guiding the teaming up of interested parties as well as the required characteristics of the core group of shareholders.

**Any request received after June 7, 1993, or any request presented by:**

- WP, its parent companies, its subsidiaries, or fellow subsidiaries; or
- parties financed by the above subjects with the aim of acquiring the aforementioned stake, their parent companies, subsidiaries, or fellow subsidiaries; or
- parties who provide financing to other parties for the purpose of the acquisition, their parent companies, subsidiaries and fellow subsidiaries; or
- parent companies, subsidiaries, or fellow subsidiaries of another party interested in the acquisition, or fellow subsidiaries of a party who is controlling another party interested in the acquisition;

**will not be considered.**

It is anticipated that, at the end of the procedure, IRI will dispose of its shares that could be in excess of 5% by way of an "Offerta Pubblica di Vendita", or public offer for sale, giving pre-emption rights to employees of SME group after the demerger.

This announcement and the related Solicitation to Offer represent neither a public offer under article 1336 of the Italian Civil Code, nor a solicitation to public saving under article 1/18 of Italian law 7/6/74 n. 216 together with successive modifications and integrations.

**The Italian text of this announcement and the other documents referring to this procedure will prevail over any other version. Requests for such documents should be directed to the above address.**

**This announcement and the sale procedure are subject to Italian Law; in the event of any kind of controversy related to the above, the Court of Rome (Italy) will have jurisdiction.**

*This advertisement, for which IRI is responsible, has been approved by Wasserstein Perella & Co. Limited, a member of the Securities and Futures Authority solely for the purposes of Section 57 of the Financial Services Act 1986. Wasserstein Perella & Co. Limited is acting for IRI in relation to the publication of this advertisement and is not acting for any other persons and will not be responsible to such persons for providing protections afforded to customers of Wasserstein Perella & Co. Limited or advising them as to any matter referred to herein.*

### FULCRUM INVESTMENT TRUST PLC.

Profitability results (subject to audit)

|                           | 18 months ended<br>30 April 1993 | 12 months ended<br>31 October 1991 |
|---------------------------|----------------------------------|------------------------------------|
| Net Revenue before Tax    | £1,484,883                       | £383,896                           |
| Dividend per Income Share | 13.07p                           | 9.20p                              |
| Net Assets per Valuation  | £17,400,035                      | £3,360,548                         |
| Net Asset Value per       |                                  |                                    |
| Zero Dividend             | 111.03p                          | -                                  |
| Preference Share          | 0.83p                            | 42.11p                             |
| Income Share              | 48.11p                           | 12.85p                             |
| Capital Share             |                                  |                                    |

Fourth Interim Dividend in lieu of Final of 2.92p per Income share making 13.07p per share for the 18 month period (9.20p for 12 months) payable 30th June 1993 to shareholders registered 5th June, 1993



MAUNBY

4 MOUNT PARADE, HARROGATE, NORTH YORKSHIRE HG1 1BX  
TELEPHONE: (0423) 523553 - FAX: (0423) 530356

### PUBLIC NOTICES

#### INSURANCE COMPANIES ACT 1982

#### Notice of Approval of Transfer of Business

Notice is hereby given pursuant to Section 51(5)(a) of the above Act that the Secretary of State has approved a transfer of certain general business from Municipal Mutual Insurance Limited and Municipal General Insurance Limited to Cornhill Insurance Plc.

Department of Trade and Industry  
London  
10 May 1993

## BUSINESSES FOR SALE

INVITATION TO TENDER FOR THE HIGHEST BID  
for the Purchase of the groups of assets of "VOMVIX, SILK INDUSTRY AND TRADE - P. SVOLOPOULOS & CHR. KOUTROUBIS S.A." of Athens

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities" of 1, Skoulouliou Str., Athens Greece, in its capacity as Liquidator of "VOMVIX, SILK INDUSTRY AND TRADE - P. SVOLOPOULOS & CHR. KOUTROUBIS S.A." a company having its registered office in Athens, Greece (the "Company"), which is presently under the status of special liquidation according to the provisions of article 46a of Law 1892/1990 (as supplemented by article 14 of Law 2000/1991).

announces a call for tenders for the highest bid by submission of sealed binding offers for the separate purchase by public auctions (the Auctions) of one or more of the groups of assets of the Company, described below.

## BRIEF INFORMATION:

The company was established in 1933 and was in operation until 1990 when it was declared under liquidation. Its activities included the production, processing, marketing and exportation of textiles and fibres.

## GROUPS OF ASSETS OFFERED FOR SALE:

1. A cotton spinning and weaving mill in Avlaki (Phiotida, Stydia) consisting of several buildings, of approximately 18,000 m<sup>2</sup>, standing on a plot of 171,450 m<sup>2</sup> and containing machinery, mechanical equipment, etc. (1st Auction)
2. A synthetic (nylon-polyester) and helanca fibres producing factory in Peristeri, Athens, consisting of a dyeing unit, a finishing unit and other buildings of approx. 40,000 m<sup>2</sup>, standing on a plot of 34,041 m<sup>2</sup> and containing machinery, mechanical equipment, etc. The company's registered name is also offered for sale. (2nd Auction)
3. A plot of 156,592 m<sup>2</sup> in Enofeta, Thebes. (3rd Auction)
4. A plot of 2,013 m<sup>2</sup> in Athens. (4th Auction), and
5. Stock in-trade consisting of approximately 109,000 mt. of dyed fabrics, 225,000 mt. of off-white fabrics and 119,000 kgs of acrylic fibres. In addition, raw materials consisting of 8,000 kg of nylon are also on sale. In respect of most of these goods, approximately 100 Privileged Company of General Warehouses of Greece Certificates have been issued, pledged to National Bank of Greece S.A. (5th Auction).
6. Six (6) plots with a total area of approximately 24,757 m<sup>2</sup> in the rural area of the Community of Avlaki, Fthiotida (Lamia), divided as follows: (a) 5,404 m<sup>2</sup>, (b) 9,322 m<sup>2</sup>, (c) 8,239 m<sup>2</sup>, (d) 5,335 m<sup>2</sup>, (e) 4,200 m<sup>2</sup> and (f) 4,020 m<sup>2</sup>. These are being offered for sale as one whole and not in part.
7. Plot consisting of 200 m<sup>2</sup> in Kifissou Avenue (opposite No. 136), in the area of Peristeri Local Authorities. Construction, however is not allowed thereon, according to City Planning Regulations.

## OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain an Offering Memorandum in respect of the Company and the assets thereof and any further information, upon signing a confidentiality agreement.

## TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions. Submission of offers in favour of third parties to be appointed at a later stage shall be accepted under the condition that express mention is made in this respect upon the submission and that the offeror shall give a personal guarantee in favour of such third party.
2. Bidding: Offers: Interested parties are hereby invited to submit binding offers, not later than Monday 14th June 1993, at 11.00 a.m. hours, to the Athens Notary Public Mrs. Ioanna Gavrieli-Anagnostaki, address: 15, Fidiou Str. Athens, tel.: +30-1-361.97.23, fax: +30-1-362.31.81. Offers should expressly state the offered price and the detailed terms of payment (in cash or in instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate). In the event of not specifying a) the offered price is payable immediately in cash, b) the instalments shall bear no interest and c) the interest rate shall be the legal rate in force (presently 37% yearly). Binding offers submitted, later than the above time limit shall neither be accepted nor considered. The offers shall be binding until the adjudication.
3. Letters of Guarantee: Binding offers must be accompanied by Letters of Guarantee, issued, in accordance with the draft Letter of Guarantee contained in the respective Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amounts of the Letters of Guarantee must be as follows: (a) for the cotton spinning and weaving mill in Avlaki, Fthiotida (1st Auction): Drs. 120,000,000 - (ONE HUNDRED AND TWENTY MILLION), (b) for the factory producing synthetic and helanca fibres in Peristeri, Athens (2nd Auction): Drs. 250,000,000 - (TWO HUNDRED AND FIFTY MILLION), (c) for the plot in Enofeta, Thebes (3rd Auction): Drs. 50,000,000 - (FIFTY MILLION), (d) for the plot in Athens (4th Auction): Drs. 20,000,000 - (TWENTY MILLION), (e) for the stock and raw materials (5th Auction): Drs. 30,000,000 - (THIRTY MILLION), (f) for the six plots (6th Auction): Drs. 3,000,000 - (THREE MILLION) and (g) for the plot in Kifissou Aven. (7th Auction): Drs. 2,000,000 - (TWO MILLION).
4. Letters of Guarantee shall be returned after the adjudication. In event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the Letters of Guarantee shall be forfeited as a penalty.
5. Submissions: Binding offers together with the Letters of Guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
6. Envelopes: containing the binding offers shall be unsealed (successively as mentioned above, i.e. 1st Auction, 2nd Auction) by the above mentioned Notary Public in her office, on the 14th June 1993, at 14.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
7. As highest bidder shall be considered the participant, whose offer will be judged, by 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of a discount interest at an annual rate of 22% compounded yearly.
8. The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
9. All costs and expenses of any nature in respect of the participation and the transfer of the assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
10. The liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings of the Auction. The liquidator and the notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right, power or claim from this invitation and/or their participation in the Auction against the liquidator and/or the Creditors for any reason whatsoever.
11. This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

To obtain the Offering Memoranda and for any further information please apply to the Liquidator of the Company: "ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities", address: 1, Skoulouliou Street, 105 61 Athens Greece, tel.: +30-1-323.14.84, fax: +30-1-321.79.05 (attention Mrs. Marika Frangaki).

INVITATION TO TENDER FOR THE HIGHEST BID  
for the Purchase of the groups of assets of "VOMVICRYL SOC.ANON. INDUSTRIELLE ET COMMERCIALE DES FIBRES ACRYLIQUES" of Athens Greece

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities" of 1, Skoulouliou Str., Athens Greece, in its capacity as Liquidator of "VOMVICRYL SOC.ANON. INDUSTRIELLE ET COMMERCIALE DES FIBRES ACRYLIQUES" a company having its registered office in Athens, Greece (the "Company"), which is presently under the status of special liquidation according to the provisions of article 46a of Law 1892/1990 (as supplemented by article 14 of Law 2000/1991).

## announces a call for tenders

for the highest bid by submission of sealed binding offers for the separate purchase by public auctions (the Auctions) of one or both of the following groups of assets of the Company.

## BRIEF INFORMATION:

The company was established in 1973 and was in operation until 1990 when it was declared under liquidation. Its activities included the production, and trading of every type of fibres and textiles. The company is not in operation, neither is any personnel being employed.

## GROUPS OF ASSETS OFFERED FOR SALE:

1. Plant in Avlaki Fthiotida (along Lamia-Volos National Road), consisting of buildings of 23,296 m<sup>2</sup>, standing on a plot of 190,718 m<sup>2</sup> and containing machinery, mechanical equipment, furniture and other equipment. The company's registered name, etc. are also being offered for sale. (1st Auction).
2. Stock-in-trade consisting of approximately 141,000 kilos, of different quality and colour acrylic fibres. In this respect, there have been issued 20 "Privileged Company of General Warehouses of Greece" Certificates, pledged to the NATIONAL BANK OF GREECE S.A. (2nd Auction).

## OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain an Offering Memorandum in respect of the Company and the assets thereof and any further information, upon signing a confidentiality agreement.

## TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions. Submission of offers in favour of third parties to be appointed at a later stage shall be accepted under the condition that express mention is made in this respect upon the submission and that the offeror shall give a personal guarantee in favour of such third party.
2. Bidding: Offers: Interested parties are hereby invited to submit binding offers, not later than the 14th June 1993, at 11.00 a.m. hours, to the Athens Notary Public Mrs. Anna Tsafara, address: 10-12, Ippokratous St., Athens, tel.: +30-1-361.95.83, fax: +30-1-364.31.38. Offers should expressly state the offered price and the detailed terms of payment (in cash or in instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate). In the event of not specifying a) the offered price is payable immediately in cash, b) the instalments shall bear no interest and c) the interest rate shall be the legal rate in force (presently 37% yearly). Binding offers submitted later than the prescribed time limit, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
3. Letters of Guarantee: Binding offers must be accompanied by Letters of Guarantee, issued, in accordance with the draft Letter of Guarantee contained in the respective Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amounts of the Letters of Guarantee must be as follows: (a) for the plant in Avlaki Fthiotida (1st Auction): Drs. 350,000,000 - (DRS. THREE HUNDRED AND FIFTY MILLION), (b) for the stock-in-trade (2nd Auction): Drs. 10,000,000 (Drs. TEN MILLION).
4. Letters of Guarantee shall be returned after the adjudication. In event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the Letters of Guarantee shall be forfeited as a penalty.
5. Submissions: Binding offers together with the Letters of Guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
6. Envelopes: containing the binding offers shall be unsealed (successively as mentioned above, i.e. 1st Auction, 2nd Auction) by the above mentioned Notary Public in her office, on the 14th June 1993, at 14.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
7. As highest bidder shall be considered the participant, whose offer will be judged, by 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of a discount interest at an annual rate of 22% compounded yearly.
8. The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
9. All costs and expenses of any nature in respect of the participation and the transfer of the assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
10. The liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings of the Auction. The liquidator and the notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right, power or claim from this invitation and/or their participation in the Auction against the liquidator and/or the Creditors for any reason whatsoever.
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## CONTRACTS &amp; TENDERS

## Treuhandanstalt

The Treuhandanstalt is offering the  
**Transportgummi GmbH**  
Rudolfstädter Strasse 23, O-6823 Bad Blankenburg  
in the German Federal State of Thuringia for sale.

Retention of current positions and creation of new jobs  
in addition to an investment guarantee are expected.

The company manufactures steel and fabric reinforced conveyor belts as well as V-belts, industrial hoses, lined and unlined rubber sheets, patching material, bonding material and rubber compounds.

The Haesch steel reinforced conveyor belt plant, installed in 1990, is considered the most modern facility of its kind in Europe. All other machines are between 2 and 8 years old.

The company's V-belts and industrial hoses were tested as no-name products and were given the highest quality rating.

## Positions to be retained: 250.

**Buildings and Grounds:**  
The company grounds cover an area totalling approx. 266,574 m<sup>2</sup>.

**Production areas (conveyor belts):**  
Reinforced concrete construction, built in 1980, 85,530 m<sup>2</sup>.

**Manufacturing areas (for-belts/hoses):** 22,600 m<sup>2</sup>.

**Open areas and energy supply systems:** 70,515 m<sup>2</sup>.

**Empty production facilities (demolition planned):** 71,719 m<sup>2</sup>.

**Administration building/extension:**  
5-story/single story, built 1979/1987, usable space approx. 2,420/134 m<sup>2</sup>.

The company has an on-premises heating plant that runs on natural gas. The grounds are connected to the public electricity supply and have a source for industrial water.

**Location:**  
The company grounds are located directly on federal highway B 88, Rudolfstädter Strasse, at Bad Blankenburg's eastern outskirts. Deutsche Reichsbahn tracks run through the property providing rail access to the Berlin-Munich main line. The nearest airport is in Erfurt, about 50 km north-west of Bad Blankenburg. The distance to the Leipzig-Halle airport is 130 km.

For property inspection appointments, please contact Mr. Bergmann, telephone: 49-3 67 41/62 16.

**Further information about bid submission**  
can be obtained from the  
Treuhandanstalt, Direktorat U4 A,  
Telefax: 49-30/3154-1558 or -2903.

**Closing date for all bids:**  
28 June 1993, 12:00 o'clock,  
Room 3207 in the



Invest in the New Federal States of Germany.

Take advantage of a ready, commercial location through the purchase of this company.

Qualified labour in the region is available to help your business establish a presence in Germany and Eastern Europe.

Treuhandanstalt  
Direktorat U4 A  
Leipzig/Strasse 5-7  
O-1080 Berlin  
Germany

## LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1985  
NOTICE IS HEREBY GIVEN pursuant to Section 482(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the office of Robert Rhodes, Centre City Tower, 7 Hill Street, Birmingham, B5 4JL, on the 15th day of June 1993 at 11.00 o'clock in the forenoon, for the purpose of having laid before it a copy of the report prepared by the Administrative Receiver under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by or under the Act.

Creditors are only entitled to vote if:  
(a) they have delivered to us at the address shown above, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986; and  
(b) there has lodged with us any proxy which the creditor intends to use on his behalf.  
Date this 17th day of May 1993  
N. TOMBS, J. R. JONES  
Joint Administrative Receivers

## LEGAL NOTICES

## NOTICE

1992 Folio No. 3023

In the High Court of Justice

Queen's Bench Division

Administrative Court

Sole: "CLIPPER PROVEER"

and "WORLD HITACHI ZOSEN"

Notice is hereby given to all persons with claims against the ship "CLIPPER PROVEER" and the ship "WORLD HITACHI ZOSEN" which occurred off the coast of Mauritania on 15th April 1992, that the Administrative Receiver of the High Court of Justice (Folio No. 3023) hereby summons the SA as Owners of the ship "CLIPPER PROVEER" and the SA as Owners of the ship "WORLD HITACHI ZOSEN" and others, Defendants, to appear at the office of the Receiver on the 15th day of June 1993 at 11.00 o'clock in the forenoon, for the purpose of having laid before it a copy of the report prepared by the Administrative Receiver under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by or under the Act.

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NOTICE IS HEREBY GIVEN pursuant to Section 482(2)

## THE PROPERTY MARKET

# The end of the Georgian reign

James Buxton on the exodus of companies from Edinburgh's traditional business district

Charlotte Square in Edinburgh, as the firms which operate there like to boast, is the best business address in Europe. Yet many of its occupants are deserting it.

In the past 18 months the whole of the south side of the square has become vacant, there are empty buildings on both the east and west sides, and a building on the north side is for sale. As the for let signs proliferate, some people fear that parts of the square, designed by Robert Adam, may soon look tatty.

In one sense Charlotte Square is only the most spectacular victim of the downturn in the Edinburgh office property market which has left vacant about 200 Georgian houses used as offices throughout the city's New Town.

In a normal market about 40 would be vacant, says Mr Andy Irvine of Jones Lang Wootton, the surveyors. But Charlotte Square's plight is also the product of another trend which many people involved in the city's development regard positively: the expansion of the business district from the New Town out to Lothian Road to the south.

Edinburgh's prime office district has traditionally comprised the dumbell formed by Charlotte Square to the west and St Andrew Square to the east, connected by George Street. Most firms in the New Town occupy Georgian houses.

In Charlotte Square the solicitors Dundas & Wilson until recently occupied five houses. The tightly enforced rules for grade A listed buildings meant that to install com-

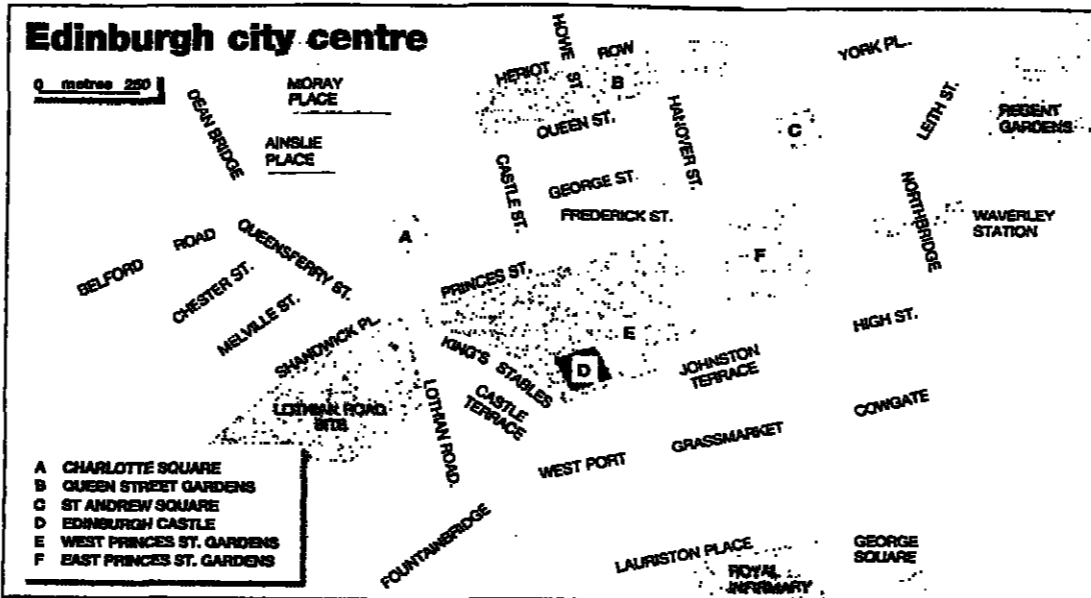
puter wiring meant getting planning permission to drill holes in thick walls. But the area was prestigious and there was virtually nowhere nearby with good open-plan accommodation.

The constraints on development in the New Town, the slow process of getting planning permission and the lack of office space elsewhere meant that when businesses expanded in the late-1980s rents for the best office accommodation trebled from 27 per square foot in 1985 to £21 in 1989.

It was not until late 1991 that alternative accommodation attractive to Charlotte Square occupants became available, when Saltire Court, a high quality stone-faced office building in Castle Terrace off Lothian Road was completed.

Saltire Court went ahead after Edinburgh district council reversed years of opposition to fostering the financial sector, and released the site. The first occupants were Martin Currie and KPMG Peat Marwick from Charlotte Square, followed by Dundas & Wilson.

But Scottish Metropolitan, the developer, was unlucky; by the time Saltire Court was finished the approaching recession made companies wary of moving, especially if they were unable to find tenants to take on their existing properties. (Some tenants of Saltire Court are still paying rent on their former



properties, in addition to the headline rent of £22-23 per sq ft in the new building.

Only now, after solicitors Shepherd & Wedderburn decided in March to move from Charlotte Square, is 92 per cent of Saltire Court's 175,000 sq ft of office space let.

But people working in Saltire Court and other developments near

Lothian Road will still feel slightly out on a limb until a long-standing 10-acre site between the Caledonian Hotel and the Sheraton fills up. Progress there is at last being made, sufficient to allow Mr Jim McFarlane of Lothian and Edinburgh Enterprise (Leel), the local enterprise company, to claim that Edinburgh is "bucking the recession". Work began in January on a £38m

conference centre, designed by the post-modernist architect Terry Farrell and capable of holding 1,200 people, on a site on Morrison Street. The conference centre has long been considered the cornerstone to the development of the Lothian Road site. The council and Leel set up a company to build and run the conference centre and to develop the

rest of the site, after the original consortium of Sheraton Securities and Greycoat, which was to have developed the centre, collapsed.

That gave Standard Life, the Edinburgh-based life assurance company, the confidence to choose Lothian Road to accommodate its expansion. It should shortly get consent for a 270,000 sq ft office complex on a site which it will buy from the council and from Queens Moat, owner of the Caledonian Hotel.

Further south Scottish Widows is seeking planning permission for a new 800,000 sq ft headquarters on the 6.5-acre Port Hamilton site, which it would buy from the receivers of Ford Sellar Morris, another victim of the property collapse.

Meanwhile a joint venture between Cala and Morrison Group, both Scottish companies, says it will proceed with a 190,000 sq ft office building close to the conference centre. The consortium is confident of obtaining a pre-let before going ahead.

If all these schemes go ahead the central business district will have been extended southwards and the Lothian Road area will have become Edinburgh's main area for large city centre offices. But though Saltire Court has shown that Edinburgh firms can be tempted out of their Georgian splendour, some people doubt whether occupiers requir-

ing up to 30,000 sq ft of space will rush to abandon the New Town. Mr Peter Smolka of Hillier Parker points out that several offices with open-plan space are finished or under construction behind Georgian facades in the New Town.

"I'd say there are enough developments under construction to retain a lot of prospective tenants in the traditional core. Suddenly Edinburgh has become a city that offers a choice of accommodation," he says. Rents have come back to £16.

So where does this leave Charlotte Square? Mr Smolka believes the council will have to allow more alterations behind the facades if the exodus is to be halted. Significantly, Mr David Murray, a Scottish

tycoon, recently obtained consent to redevelop the Roxburgh Hotel on the corner of the square, mainly as offices.

Mr Roy Durie of chartered surveyors Ryden says there are a number of smaller occupiers - "public relations companies, advertising agencies and professional firms" - which would dearly like a Charlotte Square address.

Jones Lang Wootton's Mr Irvine says: "I am not at all gloomy about Charlotte Square." Despite the attractions of open-plan offices, Georgian houses "work very well for businesses with up to 25 people."

But though sentiment in the market has begun improving, Mr Irvine says many businesses which would like to move are locked into long leases.

### Charlotte Square is the most spectacular victim of the downturn in Edinburgh

### Some 200 Georgian houses are vacant throughout the city's New Town



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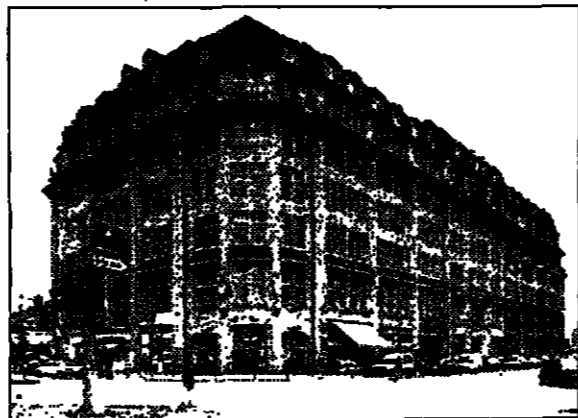
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## RECRUITMENT

## Adrian Furnham ponders the problems of management science Reaping the benefits of teamwork

**N**EARLY all of us work with other people. Most of us are interdependent in the sense that we have to help, support and reward each other at work. No one can whistle a symphony; it takes the team effort of an orchestra to play it. Whether we call them groups, sections, squads or teams, most of us realise how much our productivity and satisfaction is due to them. This pretty obvious point is now the latest management obsession.

Management science, if there can be such a thing, is notoriously faddish. Not long ago it was strategic planning that was the key to organisational success. Then it had to do with organization structure. After that the gurus said that once the corporate culture (another oxymoron) was right, Eldorado was just around the corner!

All these solve-all solutions have now reached their sell-by date. But there is, fortunately, a new solution to all the hard-

pressed manager's needs. Teamwork, it seems, will solve all your problems and lead to happy, healthy, productive workers. So business sections of books shops bulge with books, nearly always written by people called 'Chuck', 'Randy' or 'Ed', on teams and teamwork. They rejoice under crypto-sporting titles such as 'Team-Power', or 'How to be a team player'. 'Winning Big'. Their message is simple: the power of the waterfall is nothing but a lot of drips working together. No matter how great a warrior he might be, a chief cannot do battle without his Indians.

What supporters of the team concept argue is this: bearing in mind that management is the art of getting things done through people, you need to let your people know what your goals are - what you want to accomplish, why you want to accomplish it, how they will benefit from it and the role they will play in accomplishing

it. This is another way of saying that the members of the management team must be able to identify themselves individually with the company's overall goals. No chief executive, no top management group ever reached these goals by themselves. Unless the entire management team is aboard, the company will never get there.

What has caused this explosion in restating the obvious? The answer is partly in the American fearful obsession with the Japanese, who are still perceived by the Pearl Harbour generation as mindless, but highly disciplined, killers. The post-war Japanese miracle has puzzled them, indeed terrified the Americans. What is the Japanese secret of success? Answer: team-work. The Japanese came from a collectivistic culture and hence naturally do things in groups or teams. We, in the Anglo-Saxon world come from an individualistic culture,

which selects for, rewards and values individual effort. No matter how much teamwork achieves in our culture, the results tend to get identified with a single name. We therefore have to endure various mildly humiliating training courses (many in the great outdoors) to encourage team-work because it is not natural to us. While it is true that no member of a boat crew is praised for the individuality of rowing, this is an exception to the rule. The Japanese, I presume, don't feel obligated to attend individualism courses to learn how to "become their own person", "do things their own way". They are natural collectivistic team players.

This individualism in our culture runs deep. We are, however, loyal to some groups: usually those we have been forced to join, or with whom we have endured hardship and difficulty. The family, school class-mates, fellow military conscripts do often command

our loyalty. But, because we don't have jobs for life and find it easier to get promotion by moving between organizations, we rarely stay long enough in a team to be really part of it.

The life of a team goes through various stages: forming (the getting together); storming (arguing over who does what, who is leader, etc); norming (the acceptable explicit and implicit rules); performing (actually working well after the early stages have occurred). Teams also go through mourning when they break up. But all this takes time and many of us never really stay long enough in a particular team to appreciate its worth.

But how seriously do companies who have swallowed the team solution really take the idea? Yes, they do talk it up; go on endless (and expensive) courses; even partly restructure sections into "new teams". Yet very, very few reward the team, rather than the individ-

ual. Most performance management systems (the euphemism for how pay is determined) are explicitly geared to the individual. Yes, team work in the sense of contribution to the team may be a criterion which is rated, but it is usually only one of many. Also, we rarely hire people with a team in mind or indeed hire whole teams.

Michael Winner got it right when he said: "Team effort is a lot of people doing what I say".

The team work philosophy of cooperation, interdependence and group loyalty in counter-cultural. Our business heroes are for the most part egocentric, rugged individuals, not team players. Team work may be a really good idea, but don't bluff yourself either that it is a total solution or that a couple of fuzzy warm courses will do the trick.

Adrian Furnham is Head of University College London's Business Psychology Unit.

### THE OLYMPIC CONTENDERS: MANCHESTER

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## ASSISTANT DIRECTOR - PROJECT FINANCE

Our client, one of the UK's leading merchant banks, wishes to recruit an experienced project financier to its highly successful Project and Export Finance Department, based in London.

The successful candidate will be responsible for all aspects of completing limited recourse projects from origination through cash flow modelling, structuring and syndication transactions. The department's business is based on helping contractors, exporters, and utilities throughout the bidding process on projects worldwide. Its particular strengths are in Asia and Africa.

Aged early 30s to 40s, the successful candidate must be able to show a track record in analysing, structuring and concluding limited recourse and project financings. The ability to relate to clients over the long lead times of transactions is particularly important. Candidates must also have strong academic backgrounds, pronounced communications skills and must be highly self motivated. Relevant geographical experience would be useful.

A highly competitive compensation package will be made available to attract the right calibre of candidate.

Applicants should write in confidence enclosing a full curriculum vitae to David Miller, quoting reference 2289.



4th Floor, Harling House,  
47-51 Great Suffolk Street, London SE1 0BS  
Telephone: 071-620 3002 Facsimile: 071-620 3005

## FOREIGN EXCHANGE ANALYST

Negotiable salary - London

Thomson Financial Services is a leading provider of proprietary financial information products to the global financial community. With 33 offices and over 2000 employees around the world, we are a dynamic, client-orientated service organisation which is growing rapidly, especially in Europe.

Due to expansion we are seeking a Technical Analyst to work on our foreign exchange service, delivering market specific and trading-orientated comment via Teletext. The product is a leader in the field and highly valued by market professionals worldwide.

You must have at least two years' experience as a Technical Analyst and be able to assimilate information and communicate views on the major spot and cross markets. The role requires excellent writing skills and the character to cope with constant pressure.

Please send full career details quoting ref VAC057 to: Ben Debnath, Human Resources Manager - Europe, Thomson Financial Services Ltd, Seventh Floor, 11 New Fetter Lane, London EC4A 1JN.

THOMSON  
FINANCIAL SERVICES

## Investment Analyst

### North American Equities

Our client, one of the UK's leading investment management organisations, has a requirement for an investment analyst to assist in the research and selection of stocks for its substantial North American equity portfolios.

The company, which is city based, invites applications from graduates either currently working in a similar role or from those with 1/2 years' experience in other areas of financial services who are keen to move into investment management. Candidates must possess well developed analytical and communication skills as well as a team minded approach.

The company offers a competitive salary and benefits package and excellent future career development opportunities. To apply, please write in confidence to:



IMR Recruitment Consultants,  
1 Northumberland Avenue,  
Trafalgar Square, London  
WC2N 5BW. (tel: 071 872 5447)

INVESTMENT MANAGEMENT RESOURCES

## Foreign Exchange Trader for cash, future and option dealings

We: Investment management in foreign exchange trading  
You: Specific training and practical experience in foreign exchange and option trading. A high degree of flexibility and self-initiative as well as good communication skills and powers of self-assertion, high motivation, an ability to cope under pressure and reliability.

We: Independent, entrepreneurial and analytic thinking and an ability to act swiftly. Good computer skills. Good command of German.

We: Offer a basic monthly salary as well as 30 % profit sharing and a pleasant work environment with state-of-the-art equipment. Free board and lodging (Swiss).

You: If you are interested, please send your application with a recent photograph to the following address:

SIELER PERSONALMARKETING  
Brucknerstrasse 11 · D-4650 Solingen 1 · Germany

# Private Client Stockbroker

EXCELLENT SALARY & BONUS ~ CITY

SEYMOUR PIERCE BUTTERFIELD IS A SMALL,

WELL-ESTABLISHED BUSINESS OF GREAT

INTEGRITY. A COMPANY WITH MORE THAN

150 YEARS' EXPERIENCE IN THE CITY, IT IS

PART OF THE PRESTIGIOUS BANK OF BUT-

TERFIELD, BERMUDA'S PREMIER BANK.

WHICH PROVIDES BROAD PRIVATE CLIENT

FUND MANAGEMENT SERVICES.

CAPITALISING ON THESE STRENGTHS,

SEYMOUR PIERCE BUTTERFIELD IS NOW

PLANNING FOR GROWTH, CREATING AN

EXCEPTIONAL OPPORTUNITY FOR AN EXP-

RIENCED PRIVATE CLIENT STOCKBROKER.

An equal opportunities employer

THE ROLE. A team leader, responsible for building and managing a small, dynamic team.

Enlarge an intermediary-based, private client business.

Work closely with colleagues from other parts of the group.

QUALIFICATIONS. At least ten years' experience and a proven track record in private client stockbroking with international fund management experience.

Well-educated, mature, with the highest standards of professionalism and integrity.

Able to build solid, profitable relationships with intermediaries and clients.

Please apply in writing, enclosing a full c.v. and quoting reference ML1878FT.  
34 Jermyn St. London SW1Y 6LN.

Seymour Pierce Butterfield Limited

N.B.S.

# Marketing Executive

Financial Information Services

City c. £24-26K + Package

Currently poised to both develop and launch new products within the global securities marketplace, this is an exciting opportunity to unite your securities experience with the flair of marketing.

Datastream International is a leading provider of computer based financial information services to many of the world's major securities firms. Datastream's products are used in fields such as Fund Management, Investment Research, and Corporate Finance.

You would be a member of the marketing group anticipating and identifying customer and market requirements through customer contact, market and competitor analysis. The marketing team is responsible for taking new product ideas from concept through development and launch.

hence the need for intelligent and analytical performers who understand the market.

You may currently be working in Fund Management, Securities Analysis or a related area, where you feel your skills would blend well within our business. Datastream can offer you an exciting career in the challenging field of marketing with a market leader that brings together Financial Markets and High Technology.

For a confidential discussion and to arrange an interview call Nick Marsh, our retained consultant on 081 878 7850 from 8.30am to 7pm. Alternatively send your CV to him: STRATFORD MARSH Executive Search Consultants, 82 Upper Richmond Road West, London SW14 8BZ. Fax: 081 392 2646.

Datastream  
International

A PRIMARK Company

## FIXED INCOME FUND MANAGEMENT

We are acting on behalf of a number of clients who are looking to recruit Fund Managers with specialist experience of both multi-currency and sterling bond portfolios. The types of funds include both pension fund and specialist bond portfolios.

If you have up to 4/5 years experience of these markets and are considering making a career move...

Please call Roger Stears on 071-623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No. 1 New Street, London EC2M 4TF  
Telephone 071-623 1266 Facsimile 071-623 5259

JONATHAN WREN EXECUTIVE

## Manager A Forfait

Negotiable salary plus benefits and bonus

West Merchant Bank is seeking to recruit another manager to enhance the capacity of its Forfaiting team to undertake additional new business. Above all, he or she will have the enthusiasm and personal qualities to promote actively and successfully the Division's already established worldwide business.

The successful candidate will also have had a minimum of three years directly relevant experience with a proven track record of structuring, purchasing, placing and syndicating Forfaiting and trade finance assets. Ideally they will have a banking or other relevant qualification and the ability to speak a second language.

The package of base salary and banking benefits will be attractive with bonus payments and subsequent career progression based on performance.

Please reply in confidence enclosing a full c.v. to: Peter Llewellyn, Assistant Director, Personnel, at West Merchant Bank Limited, 33-36 Gracechurch Street, London EC3V 0AX or telephone on 071-220 8547 for further details

West  
Merchant Bank

West Merchant Bank is a member of the Westdeutsche Landesbank (Europa) AG group with offices in Germany, U.S.A. and Latin America. Its Forfaiting Division has proved very successful in the structuring and syndication of international trade finance products.

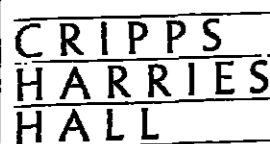
## CHIEF INVESTMENT OFFICER Tunbridge Wells

We are one of the leading firms of solicitors in the south of England. Founded five years ago under the direction of a senior investment banker, our investment department now manages £60m funds.

We wish to appoint a Chief Investment Officer responsible for formulating investment policy, managing its implementation across the department and running our growing pension fund and charity business.

You will be trained in the modern disciplines of fund management and have a leader's personality. You will be qualified in either institutional or private fund management, with at least 10 years' relevant experience. If you would welcome the chance to stop commuting and apply City training in a setting with as much challenge but a better quality of life, this position will be ideal.

We are looking for the right person, so remuneration, including profit-sharing, should not prove a bar (whilst reflecting the out-of-London location). Please write, enclosing cv and salary details, to: David Lough, Cripps Harries Hall, Seymour House, 11-13 Mt Ephraim Rd, Tunbridge Wells, Kent TN11 1EN.



Solicitors  
Investment Managers

## Telecommunications Specialist, M & A Attractive Compensation Package

The UBS Mergers & Acquisitions Department is seeking to recruit a specialist in the telecommunications industry. Prospective candidates must be of the very highest calibre with a minimum of five years experience working in or with major international companies in this sector. The individual concerned will be expected to have a university degree and MBA qualification, fluency in English and at least one other European language, work experience in Continental Europe and contacts at senior level in the telecommunications industry world-wide.

Please send career details to:  
Lorna McArthur, Personnel Manager,  
UBS Limited  
100 Liverpool Street  
London EC2M 2RH



# INVESTMENT OPPORTUNITY

## North American Equities

London Attractive salary + financial sector benefits

United Friendly Insurance is one of the UK's most successful insurance companies. Our established investment team currently manages assets in excess of £2 billion and, to maintain its superior investment performance, is looking for an additional member to join the North American team. Reporting directly to the Portfolio Manager, North America, you will assist in the management of the Equity Funds including sector strategy, stock analysis and share dealing.

This opportunity to develop a career in fund management will appeal to a computer-literate graduate who is IIMR-qualified and has a background in investment research and analysis. Knowledge of the North American market would be an advantage.

Please send full career details, indicating current salary, to Ms Barbara Aggeman, Personnel Officer, United Friendly Insurance plc, 42 Southwark Bridge Road, London SE1 9HE.

United Friendly Insurance plc



## FIXED INCOME SALES

BNP Capital Markets (a wholly owned subsidiary of Banque Nationale de Paris) is currently expanding its Capital Market activities and is keen to recruit two multi-currently-fixed income salesmen to spearhead its penetration into large UK based financial institutions.

The ideal candidates will be aged 25-35 with at least 3 years experience selling multi-currency product to major institutional investors.

A competitive remuneration package with usual fringe benefits will be offered to the right candidates.

All applications will be treated in strict confidence and should be sent with a current C.V. addressed to:

Elizabeth Jennings  
Head of Human Resources  
BNP Capital Markets Ltd  
8-13 King William Street  
London EC4N 7DN

Fax: 071-548 9525



## Opportunity in Treasury Research/Dealing - Dublin

Salary IR£32k

Our client is an established treasury management company in the Dublin International Financial Centre. We have been retained to assist with the recruitment of a person to assist the Investment Manager.

The successful candidate will be responsible for corporate treasury research, the preparation of detailed reports and proposals on portfolio management strategies and assisting in the preparation of board presentations.

The person appointed, ideally aged between 27 and 31, will have an excellent academic track record in a business/finance discipline, together with a number of years experience in a treasury, investment or banking environment. Experience of dealing in Money, FX or Bond Markets would be a decided advantage. Excellent interpersonal and writing skills will be required.

An attractive remuneration package will apply to this position.

Candidates should write - in strictest confidence - enclosing a curriculum vitae and quoting reference number 93120 to:

**merc partners**

Recruitment & Human Resource Consultants

Brian G Ward  
Merc Partners  
Number Twelve  
Richview Office Park  
Clonskeagh  
Dublin 14  
Facsimile 353-1-2830550

## Sales — Financial Markets

City Based

QUICK EUROPE LIMITED is one of the world's leading providers of information services to the financial community.

We are seeking high calibre, achievement orientated Sales professionals to join our existing successful team. With a minimum of two years' experience in the financial markets, you will be able to demonstrate an outstanding record of success which reflects both your account management and new business sales abilities.

In addition, you must possess excellent communication and presentation skills and have a good understanding of financial instruments and the way in which the securities markets operate.

In return, we can offer career development opportunities in a dynamic environment, a very competitive salary and incentives package and a comprehensive range of benefits.

Please apply to Philip Bryett, Personnel Manager, sending a c.v. or requesting an application form, to QUICK EUROPE Ltd, 65 Clifton Street, London EC2A 4JE.  
(Fax: 071-377 2209)



## OTC BOND OPTIONS BROKER

Our client, a leading Cash and Derivative Brokerage Company, are currently seeking an OTC Bond Options Broker for their London Office.

The ideal candidate will have experience in bond derivatives, financial futures and warrants and will be educated to degree level. Candidates will also possess good interpersonal skills, be a good communicator and computer literate.

The successful candidate will work with an established, highly respected international team and will be expected to establish and develop a client base in Switzerland and Austria.

Specific contacts with Warrant Issuing houses are preferred and fluency in German is essential.

Salary and package are negotiable according to experience.

Please write to Box B1062, Financial Times,  
One Southwark Bridge, London SE1 9HL

## CITI FX

Frankfurt

Citibank is one of the world's top Foreign Exchange banks with a leading franchise in Europe. We are looking to build on this success by expanding our Frankfurt based foreign exchange dealing team.

We have the opportunities for FX-Option Dealers to trade a variety of currencies, manage all risks and provide an excellent pricing service in currency options to our customer base around Europe. The desk consists of five dealers and two research analysts who trade all European currencies, crosses and "Exotic options".

So, if you have a graduate background, preferably in finance or mathematics and 2-5 years experience trading options on an active trading desk, here is a real opportunity for you to add pace and prestige to your career.

For these positions, two European languages are a prerequisite. German language skills will be useful but are not essential.

All positions carry highly competitive salaries, together with an excellent benefits package.

To apply, please write, enclosing your CV and salary details to Corinne Long, Human Resources Manager, Citibank, PO BOX 242, 336 Strand, London WC2R 1LS, or Bruno Arnold, Human Resources Manager, Citibank AG, PO Box 110333, 6000 Frankfurt am Main, Germany.



We are an equal opportunities employer

## Fixed Interest Products

Structuring and Pricing

circa £50,000 plus bonus and banking benefits

Our client is a leading international investment bank, expanding in the fixed interest area. They are currently looking for a bright, young and enthusiastic individual to join their successful and growing MTN team. You will be pricing, trading and structuring vanilla and derivative products. You should have two years experience in capital markets with a good understanding of bonds, money markets and swaps, together with the drive and initiative to succeed in a developing market.

Please call Ron Bradley on 071-623 1266

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 8259

JONATHAN WREN EXECUTIVE

## INTERNATIONAL BANK REQUIRE THE FOLLOWING

- EUROBOND TRADER  
MID 20's WITH 1-2  
YEARS EXPERIENCE
- A SPOT FX DEALER  
WITH 1-3 YEARS  
EXPERIENCE

INTERESTED PARTIES SHOULD SEND THEIR C.V. TO FINANCIAL TIMES BOX NO. B1064, ONE SOUTHWARK BRIDGE, LONDON SE1 9HL.

## INVESTMENT MARKETING

MIDDLE EAST

CITY BASED

CIRCA £50,000 + BONUS  
+ CAR + BANKING BENEFITS

### MAJOR INTERNATIONAL FINANCIAL INSTITUTION

An opportunity has arisen for a highly motivated business promotion specialist with proven marketing expertise in Investment Management and Securities business. Aged 30-40 and with Middle East experience, the successful candidate will be responsible for developing new and existing business throughout the region. Though based in London, this key position will entail some travel to the Middle East.

Applications, quoting current remuneration, should be sent to: Campbell-Johnston Recruitment Advertising, 2 London Wall Buildings, London Wall, London EC2M 5PP (reference IM24756/FT). All applications will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked to the attention of the Security Manager.

Closing date for replies - 4th June 1993.  
Shortlisted candidates will be notified by 11th June 1993

## HEAD OF CREDIT

The London-based associate of a major banking institution seeks a Credit Manager, with at least 6 years experience as head of an international credit department.

Success in the role demands proven experience of managing people, credit policies and international risk exposure of over \$3 billion.

Applicants will be graduates of a recognised US/European University and preferably MBA qualified.

Salary AAE, detailed C.V. to reference 138, P.O. Box 1054, Bristol BS99 1YG.

## DEALER

Instituição financeira estrangeira necessita de profissional com experiência para trabalhar em Portugal.

Exige-se completo conhecimento dos mercados de capital. De cambio e monetário (money-market), alem de fluência em Inglês e Português.

Salário inicial de esc.450.000\$00 mensais

Carta com "curriculum vitae" detalhado para este jornal sob o numero

Box B1018  
Financial Times  
One Southwark Bridge, London SE1 9HL

## CORPORATE FINANCE ORIGINATION - ITALY

### Excellent Package

We represent a major International Securities House which has a requirement for an additional member of its London based Corporate Finance Origination team. Working with a very active group of professionals, you will be responsible for marketing a wide range of debt and equity products to a sophisticated client base in Italy including state owned entities, corporates and financial institutions. In addition you will be working with the Mergers & Acquisitions and Privatisation teams.

You must be fluent in English and Italian; ideally a graduate in your mid to late 20s with 3 years related experience. Presentation and negotiation skills of a high level will be necessary.

For a confidential discussion please contact Nigel Haworth or Tim Sheffield. Telephone: 071-236 2400/Fax: 071-236 0316 or apply in writing to Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

**SHEFFIELD-HAWORTH**

Consultants in Search and Selection

## TRAINEE DERIVATIVES TRADER

Cooper Neff & Associates (UK), a leading financial Options Market Making firm, seeks applicants for positions on London's International Financial Futures Exchange. Candidates must be University qualified, Numerate, Highly motivated and disciplined for this demanding environment. Send all enquiries to: M. Bushore, 1-3 College Hill, LONDON EC4 2RA.

## APPOINTMENTS WANTED

## TRADER

With broad and long standing experience in physical soft-commodities at managing level is looking for a new challenge.

Nationalities: CH + F. Perfect in German, French and English.

Please reply to:  
ciph 44-132/927  
Publicitas,  
P.O. Box,  
CH-8021 Zurich

## FOREIGN EXCHANGE SALES LONDON

Our client, a leading US securities house, is seeking an experienced salesperson to join its Forex team in London.

The successful applicant will be responsible for marketing foreign exchange products to Northern American fund managers and must have extensive knowledge of the US markets as well as strong institutional contacts. He/she will need to demonstrate not only experience of spot and forward foreign exchange but also the ability to devise and sell strategies in derivative products.

Applications in confidence under reference FES24672/FT will be forwarded to our client unless you notify our Security Manager in a covering letter of companies to whom your details should not be sent.

Campbell-Johnston Recruitment  
Advertising Limited  
2 London Wall Buildings, London Wall, London EC2M 5PP

Société de produits de luxe recherche un

**JURISTE**

Rattaché à la Direction Financière, vous prendrez en charge tous les aspects juridiques inhérents aux sociétés (droit des marques, droit commercial, droit du travail, conseils et assemblées...). Une expérience de 3 à 5 ans dans un cabinet juridique est souhaitée.

Bilingue anglais. Disponible, organisé, rigoureux, vous avez le sens du contact et des responsabilités. Merci d'adresser lettre manuscrite, CV, photo et salaire souhaité sous réf. 37350/FN à NICA, 10 rue du plâtre, F-75004 Paris, qui transmettra.

## U.S. ECONOMIST

City

An urgent need has arisen for a key individual to join the London securities subsidiary of a leading Japanese bank. The successful candidate will work as part of a small team focusing on the Japanese and U.S. economies.

You will be responsible for reviewing the U.S. economy and dollar bond markets, providing detailed reports, analysing trends and making recommendations to the sales force, traders and capital markets staff.

The ideal candidate will be a graduate with a minimum of two years' experience of short-term forecasting.

### Excellent Package

probably gained within a leading securities house or fund management group. Current experience of the U.S. economy, a high level of computer literacy and the ability to communicate effectively under pressure are prerequisites.

This position represents an excellent career opportunity and candidates who feel that they have the right background for this challenging position should telephone Jonathan Cohen or Martyn Smith on 071-413 0972 or send a detailed Curriculum Vitae to the address below.

12 Curzon Street  
London W1V 7FJ

LONDON PARIS



Tel: 071-413 0972  
Fax: 071-413 0977

MADRID

## TRADE SERVICE OPERATIONS

### MIDDLE EAST

### TAX FREE PACKAGE

An expanding and highly profitable bank requires successful managers and officers to develop its regional trade service operations.

You will have in-depth experience in documentary credits, guarantees and collections. Excellent interpersonal skills are essential, together with the practical ability and commitment to accelerate change.

The challenge for successful candidates will be to provide top quality processing and first class customer service.

An attractive expatriate remuneration package will be provided, including housing and transport allowances commensurate with the value of the job.

Please apply in writing with a full cv and contact telephone number to:

Cliff Giddings, c/o Palms Hotel (Hilton National), Southend Arterial Road, Hornchurch, Essex RM11 3UJ Fax number: 0708 341719.

Interviews will be conducted during the week commencing 31st May, 1993.

## FX/TREASURY to £100,000 + Bonus

|                    |             |
|--------------------|-------------|
| 1 x USD FRAS       | £80-100,000 |
| 2 x Spot Cable     | £60-100,000 |
| 2 x Spot \$/DM     | £50-80,000  |
| 2 x Spot \$/Yen    | £50-80,000  |
| 2 x Spot EMS       | £50-£70,000 |
| 3 x Treasury Sales | £40-60,000  |

Please contact Jan Perrin  
on 071-623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No. 1 New Street, London EC2M 4TT Tel: 071-623 1266 Fax: 071-626 5259

JONATHAN WREN

## MERIDIAN TRADING CONTROL £25-30,000

Small successful Int'l Capital Markets group seeks a young ambitious professional with exp in Trading Control in Int'l Bonds/Equities. Experience must include reporting, P&L, Balance Sheet, SFA fin. reg. combined with excellent computer literacy. Please call Alex Butterworth for more information.

071 255 1555

RECRUITMENT CONSULTANTS

### REUTER DEALER OPERATORS

We are a leading firm of Foreign Exchange brokers based in the City and are currently looking for Reuter Dealer Operators. Applicants should be used to working under pressure and have at least 3 years experience using a reuter machine in an FX dealing room environment. Salary a.a.e. + full company benefits. Please apply in writing enclosing a current CV to: Box B1066, Financial Times, One Southwark Bridge, London SE1 9HL.

### APPOINTMENTS WANTED

### Construction Project Manager Construction Company Techn. Director Buildings + Grounds Administrator

Master of Science in Architectural Engineering (Dipl. Ing.) + BS. Civil Engineering. Fluent in German + English, metric + inch, DIN + BOCA (USA). Resourceful + Innovative + Creative. 16 yrs. in Germany + 20 yrs. in USA. Hands-on experience in A+E Design, Cost Estimating, Scheduling + Construction Management of Detention Centres + Prisons, Industrial + Processing Plants, Educational + Health Care + Science Facilities. Security + Utility + Computer Systems, Economic Research, Market Analysis, Project Viability + Feasibility Studies. Ready to take on Challenging Responsibility for US\$50M-\$500M Turn-Key Construction Project in the Americas + West/East Europe + Russia + Asia. Principals mail description of project and position to: Eric Graetz, 922 - 24th Street, Washington, DC 20037 - 2234 USA  
TELEPHONE: 202 - 337 - 7900  
FAX: 202 - 333 - 0033

## MARKETING MANAGER

### EDINBURGH

Excellent remuneration

My client is a young, dynamic financial institution based in Edinburgh, promoting a range of highly successful and innovative products to both financial institutions and private investors. As a result of a dramatic growth in its client base, the company seeks a Marketing Manager to bring a sharper focus to future marketing strategy. Reporting to the Managing Director, you will design and implement a marketing campaign for the company, and be responsible for the development of new products, all forms of

communication with clients and the management of a small marketing team and a growing sales team. You will be able to demonstrate a successful track record in sales and marketing, have some experience of financial markets and be seeking to develop a career with a challenging, growing and rewarding environment. For a strictly confidential discussion, please telephone or write to Robin Douglas, at the address below, quoting reference 191.

ROBIN DOUGLAS  
ASSOCIATES  
c/o Office Search and Selection

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071-377 6488

### TREASURY

£40K - £100K

Good opportunities available for experienced corporate salespeople, with top City based Banks. Ability to market all treasury instruments including derivatives. Multi-lingual preferred. Please call Shona McIntosh.

### EXECUTIVE RECRUITMENT

Due to long term expansion plans, we are currently looking for additional experienced consultants to cover areas of recruitment as advertised, including Fund Management. Please call Andrew Stone.

### FIXED INCOME SALES

£40K - £100K

Numerous opportunities with top City banks for candidates with established client bases in any of the following locations: UK, GERMANY, ITALY, FRANCE, BENELUX, SWITZERLAND, SCANDINAVIA, etc. Extensive product knowledge essential - a foreign language ability can be advantageous. Please call Andrew Stone.

### EUROPEAN EQUITY DERIVATIVES SALES

£45K - £100K

Leading investment bank seek experienced European equity derivatives salesmen with an established UK or European client base. The bank offers a full product range backed by an active presence on European exchanges. Please call Ian Donaldson.

### MONEY MARKET SALES

£35K - £45K

Several opportunities within this area. Products will include ECP, CD's, Treasury Bills, etc. A foreign language can be advantageous. Please call Andrew Stone.

### SOUTH EAST ASIAN EQUITY SALES

£40K - £100K

Several major brokers wish to strengthen their client coverage by recruiting experienced salesmen with specialist knowledge of the South East Asian markets, and established client bases. Salesmen or analysts with particular expertise in the Thai, Philippines and Indonesian markets are particularly sought. Please call Ian Donaldson.

### EQUITY ANALYSTS

£40K - £100K

A wide range of opportunities currently exist for sectoral specialists for UK and pan-European coverage. For further details please contact Ian Donaldson.

### CORPORATE FINANCE

£30K - £60K

Several leading City banks wish to expand their Corporate Finance teams covering Central and Eastern Europe. A minimum of 2 years' experience is necessary, and persons experienced in accounting or consultancy may also be considered. Fluency in one of these languages essential and also a willingness to live in Budapest, Prague or Warsaw. Please call Terence De'Ath.

Also see our advertisement on Reuter Page Code L071.

For further details please call on 071-377 6488 or send/fax your CV to us.

All applications are treated in the strictest confidence. For enquiries outside business hours call 081-364 1833.

CAMBRIDGE APPOINTMENTS

232 Shoreditch High Street, London E1 6PJ. Fax No. 071-377 0887

## CJA RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP  
Tel: 071-588 3588 or 071-588 3576  
Fax No. 071-256 8501

Excellent career potential internationally as the bank refocuses its securities business



## FIXED INCOME SALES

CITY OF LONDON

OUTSTANDING PACKAGE

### MAJOR EUROPEAN BANK

For this senior vacancy, which follows an internal promotion and is part of planned growth, we invite applications from candidates with a minimum of seven years' sales experience. The successful applicant will strengthen the sales capacity in German debt instruments and will therefore have a profound knowledge of German debt markets. You will also have established dealing relationships with UK institutions and be responsible for selling the Bank's capability in international securities markets. The ability to use sophisticated computer systems, assess the relative value of new issues, look for switches in clients' portfolios and discuss future movement in financial markets is essential. The seniority of the position is reflected by the Bank's wish for this individual to assist the Head of Sales in his efforts to stimulate the team to develop their derivatives, research and German domestic bond capabilities. The remuneration package will be tailored to attract the best talent in the market. Candidates wishing an initial discussion please telephone 071-638 0680 or evenings 071-828 2891, or write in strict confidence under reference GFIS4895/FT.



## SENIOR CORPORATE DEALER

As a leading international bank committed to providing top quality treasury support for our global customers we are seeking to strengthen the corporate dealing capability of our foreign exchange group by the addition of one professional senior dealer.

The successful candidate will be a self starter, able to maintain and develop new business relationships in corporate treasury products, with at least 3 years' experience in this particular sector. In return we offer a generous remuneration and benefits package to match this important position.



FUJI BANK

Tokyo, Japan

Please write, with full CV to:  
Mike Furlong, Assistant General Manager  
The Fuji Bank Limited, River Plate House,  
7-11 Finsbury Circus, London EC2M 7DH

### APPOINTMENTS WANTED

### General Management / focus sales

Successful, sales oriented, international general manager (40 years) with 20 years experience in sales, marketing and business management in high tech companies.

Looking for exciting opportunity to exploit track record, to the benefit of pan European organisation, wanting to significantly increase its market share. Please send company profile and product brochure to box B1020, Financial Times, One Southwark Bridge, London SE1 9HL.

### FRANKFURT

- BASED SALES AND MARKETING EXECUTIVE

with long-term experience in Germany seeks appointment with British or American company. Relocation to UK also considered. (Age 37, B.A. HONS, MA).

Write to Box No B1019, Financial Times,  
One Southwark Bridge, London SE1 9HL

## European Sales Executive

### Excellent Salary Package + Car Allowance

### Paris

Insignia Solutions is the world leader in software emulation. With significant growth since its foundation in 1986 the company has developed credibility in both the OEM workstation and Macintosh channels.

The corporate aim is to exploit these channels and others to maintain a similar growth rate over the next few years. As a result, Insignia now seeks a European Sales Executive with a proven track record of successfully growing European sales revenues, particularly in France.

The successful candidate will require a minimum of 3 years sales experience in the computer industry with a good track record in Unix and ideally Apple markets. Fluency in English and French are prerequisites and a third European language would be a distinct advantage. He or she will

show a high degree of initiative for this autonomous position. Reporting to the Director of European Sales, your responsibilities will be to manage and motivate the existing distribution network whilst focusing on penetrating new corporate accounts. Where necessary you will be required to recruit additional distributors. This is an excellent opportunity to progress an already dominant company further into Europe. The rewards for rising to this challenge are only limited by your own ability. If you believe you have the drive and experience to make your mark with Insignia, please forward your CV, including salary details and a daytime contact number to Kelvin Thompson at Harvey Nash, quoting Ref: HN773. Interviews will take place in Paris.

HARVEY NASH PLC

DRAGON COURT, 27-29 MACKLIN STREET, LONDON WC2B 5LX TEL: 071-333 0033 FAX: 071-335 0032

## Executive Search Consultant

Armstrong International is an Executive Search firm founded four years ago to serve the complex needs of the financial services industry. In that time we have been very successful. As a result of the further growth and expansion of our business we are seeking Senior Consultants to augment our expanding team. We are looking for the following:

- A sales orientated personality
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Executive Search is an exciting industry with excellent growth prospects. This position offers individuals the opportunity to build a business and to be rewarded for doing so.

Interviews Saturday only, reply to: Martin Armstrong

ARMSTRONG INTERNATIONAL



Winchester House, 77 London Wall, London EC2N 1BE  
Telephone: 071-628 7753

### CONTROLLER

Global investment company based in Jeddah, Saudi Arabia requires high level financial professional: **M&A**, **taxes**, **CPA** or **CA** designation; minimum 5 years controllership experience with a financial institution; extensive MIS experience International/Offshore taxation & operations experience; Offshore corporate legal background. Prepare financial reports for management on scheduled basis; Consolidate multiple financial entities; perform all accounting for large accounts/projects such as joint venture agreements, partnerships; Position will be based in Jeddah, Saudi Arabia. Excellent salary and benefits. Interviews will be conducted at a mutually convenient location.

Write to Box No B1017,  
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£70,000 + (Neg)

An experienced & successful Fund Manager with equal knowledge of Global Equity & Bond Markets is required by a fast growing European Financial Institution to manage a new listed offshore fund. Please call Emily Aldrich for more information.

Box B1007, Financial Times

One Southwark Bridge

London SE1 9HL

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### TRADER

We are looking for the best derivatives traders and market makers in London to staff U.K. unit of U.S.-based trading firm.

Experience with Asian & European derivatives needed.

Resume, comp history to Box B1008 Financial Times

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### ACCOUNTING

Accounting/finance positions at all levels of experience available in start-up unit of major international trading firm.

Candidates should be extremely intelligent, self-motivated.

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### CFO

Experienced individual sought as Chief Financial Officer for new London office of highly capitalised, international derivatives trading/market-making firm. Exceptional regulatory/compliance knowledge, ability to build back-office team a must.

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### EUROPEAN REAL ESTATE BROKER

An opportunity exists for an experienced UK broker in the top residential property market to join a new venture operating in the Mediterranean area with a London/Panama base.

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## ACCOUNTANCY COLUMN

## Time to ask who should audit the government's auditors

Mary Bowerman argues the case for independent scrutiny of the UK's two public watchdogs

A DECADE after the creation of the Audit Commission and the National Audit Office, the UK's two public audit watchdogs have clearly proved their worth. But the time has come to question who audits the auditors themselves.

The National Audit Office and the Audit Commission audit the majority of public bodies, with a remit to report on value for money and the figures in the accounts. They are sometimes the taxpayer's only "foot in the door" of non-elected bodies such as the regional health authorities. Their contribution to improving public sector management is widely acknowledged, while the savings they identify more than cover their costs.

The Audit Commission was established in 1983 and is responsible for co-ordinating the audits of and promoting value for money in local authorities. In 1980 its duties were extended to include the National Health Service, bringing the total level of expenditure under its scrutiny to around £90bn. Some 70 per cent of its audits are undertaken by the commission's own staff and the remainder by selected private sector accounting firms it appoints.

The National Audit Office was established in 1984. It audits the accounts of central government departments and many other public agencies. It also has the power to carry out value for money audits of these and other public bodies, such as universities. The total amount under scrutiny is £450bn.

The Audit Commission has been instrumental in causing change in the way local government and latterly the NHS use their resources. It uses a

comparative approach to identify best practice which forms the basis of its recommendations to all authorities. A recent report showed that £15m could be saved if hospitals mended leaking pipes and used water more efficiently. Another on public libraries showed the cost of issuing a book is 58 pence at the most inefficient libraries.

The National Audit Office also has an impressive record in raising issues ranging from how the Ministry of Defence could save £30m by better utilisation of its housing stock, through to questioning the effectiveness of cervical and breast screening. A timely report issued just after the Windsor Castle fire revealed that inadequate fire safety standards in government buildings had already resulted in losses of £8m and has caused the Houses of Parliament to be refused a fire certificate since 1979.

Most of the National Audit Office reports are presented to parliament through the Public Accounts Committee and are used to call to account the senior civil servants responsible. Occasional television glimpses of these officials squirming under interrogation can give a curious satisfaction and sense of retribution. Realists can read the full transcripts published a few months later.

But who audits the auditors? Are our auditors performing their role effectively? Amid the hundreds of value for money reports published over the last 10 years, covering thousands of public sector activities, not one is an independent review of the performance of the public sector auditors.

While they have been expanding the scope and improving the standards of public audit practice, the

auditors themselves are still audited to only a rudimentary, traditional level. The National Audit Office is auditor to the Audit Commission and has the right to undertake a value for money audit, but has never done so.

The two bodies need to liaise closely in some areas of their work. This appears a rather incestuous relationship. A close scrutiny of the Audit Commission by the National Audit Office would be likely to cause some embarrassment on both sides.

The National Audit Office's own affairs are subject to more stringent scrutiny. Its annual budget must be approved on behalf of parliament by the Public Accounts Committee - a committee of MPs.

The Public Accounts Committee also questions the head of the National Audit Office about planned expenditure and activities. Minutes of these discussions are published but some of the more sensitive issues, such as proposed pay levels and problems with office relocation, are censored.

A private firm of accountants - currently Clark Whitehill - audits the National Audit Office and has undertaken some value for money reviews on topics such as recruitment, training and accommodation. The results are passed on to the Public Accounts Committee. But they have never been made available to the public.

An open and independent appraisal might allay the concerns of critics over a range of important issues.

Is the mix of staff appropriate? Auditors, mainly with a background in professional accounting, are examining issues ranging from medical

procedures to road building. The US government auditors, by contrast, are drawn from a wide range of professions.

● Is productivity sufficiently high? The number of Audit Commission reports on value for money in local government fell from 19 to 12 between 1990 and 1991. In 1991 it managed to deliver just 49 per cent of audit opinions on local authority financial statements within two months of publication deadlines, while its fee rates rose by 6.7 per cent - compared with inflation of 4.1 per cent. In the same year, the National Audit Office spent only 50 per cent of its budget on direct work on investigations. The rest went on overheads.

● Should more audit and value for money projects be contracted out? While the rest of the public sector has been exposed to competition, the National Audit Office spends just 5 per cent of its expenditure on contracted services. The Audit Commission has always placed 80 per cent of audits with private sector firms. This proportion has been static since 1983.

● Is more attention paid to efficiency than effectiveness? Both sets of auditors are constrained in the extent to which they can question policy. This means that some of the really interesting questions are never posed.

An independent body with an overview of both organisations would be the ideal remedy. But there is no obvious candidate and this would require a change in legislation. At a minimum the auditors should be subject to periodic performance audits, with the results in the public domain.

Mary Bowerman is lecturer in public sector accounting at the University of Hull.

FINANCIAL TIMES FRIDAY MAY 21 1993

## COMPANY SECRETARY

Construction Materials Midlands £35,000 neg

Our client is a key supplier to the building industry. Impending retirement creates a need for a young (30's) talented graduate or qualified company secretary to join this multi-site UK operation. Ideally, you will already have statutory compliance responsibilities. Some experience of real estate, insurance and corporate pension schemes to augment general secretarial duties. Some legal involvement and experience of a non-UK parent company would be a great advantage.

The challenging management environment should appeal to decisive but flexible practitioners who are technically sound, commercially aware and seeking increased responsibility and involvement.

Strongly motivated individuals with high energy levels should apply in writing with concise personal details to the company's selection advisors: Mandate Consultants Ltd (Ref 71F), 109 Jermyn Street, London SW1Y 6HB.

MANDATE

## Financial Controller c. £30k + benefits

The Pacific Corporation is an international, Self Lake City based manufacturer of handheld computers and portable printers with customers in over 30 countries.

To meet the criteria for this position you must be Qualified, i.e. ACA, CIMA or equivalent. Experience/Ability: Focus is on general accounting, electronic manufacturing and foreign sales. Able to install, procedure, train users on integrated manufacturing/accounting system (Micro-Oracle package). Strong understanding of standard cost system, inventory tracking and job cost analysis. Experienced in handling export documentation, foreign letters of credit, customs requirements, etc. Can meet deadlines for corporate reporting, including budgets, monthly financial package, special reports, as well as audit and statutory reporting requirements. Possesses supervisory skills; good communication, leadership and team building qualities.

Interested candidates should send a full curriculum vitae with details of current salary, employment references and availability to: Dee Mangione, Pacific Micro Devices plc, 3 Clarendon Drive, Wymouth, Milton Keynes MK12 8DA, Tel: 0581 561192 Fax: 0581 561401

## Assistant Treasurer

Major Retail Group

c.£45,000 + Benefits

London

Challenge for a young finance professional with outstanding analytical skills to build a career in corporate Treasury. Ability more important than experience.

## THE COMPANY

- Multi-billion pound turnover international retail group.
- One of Britain's most respected companies. Unbroken record of growth.
- Very lean head office with emphasis on exceptional management quality.

## THE POSITION

- Control Treasury accounting and operations and manage interest and currency risks.
- Evaluate and negotiate creative funding and investment opportunities.
- Identify market opportunities through close monitoring of the yield curve and the application of financial engineering.

## QUALIFICATIONS

- Highest calibre young professional, ambitious to be a Group Treasurer by mid-30's.
- Ability to analyse and model complex tax and risk management structures.
- Superb academic record, ideally Chartered Accountant and ACT (Dip). Appreciation of tax issues and use of derivatives.
- Decisive, un-bureaucratic, with sense of humour, high work rate and drive.

Please reply in writing, enclosing full cv. Reference BM1880  
54 Jermyn Street, London SW1Y 6LX

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## FINANCE DIRECTOR

BOARD-LEVEL FINANCIAL MANAGEMENT ROLE WITH A MAJOR ENGINEERING DIVISION

Based West London c.£50,000 + car + benefits

Our client, part of a highly respected and successful European construction group, is currently seeking a Finance Director for its c.£100m-turnover engineering division.

In this newly-created board appointment, you will be responsible to the divisional managing director for the financial management of the division's four operating companies. Your challenge will be to develop broad financial strategy and integrate financial control and management information systems across the division.

A qualified accountant (ACA, ACCA or ACCA), you will probably already be operating at board level and have at

least 10 years' financial management experience, some of which must have been gained with a large group. Experience of the construction/contracting industry is essential. Knowledge of implementing IT systems and consolidating and streamlining multi-company accounting systems is particularly important. This is clearly a high-profile role which calls for strong interpersonal skills and commanding presence.

The salary, which reflects the importance attached to this position, is supported by a comprehensive range of benefits including executive car, contributory pension scheme, and private health cover.

Please send a full cv which will be forwarded to our client unopened. Address to the Security Manager if listing companies to which it should not be sent. Ref: H7041/FT, PA Consulting Group, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR.

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## KINGFISHER

Corporate Auditors

## CENTRAL LONDON

This highly profitable and expanding retail group which includes such household names as Woolworths, Superdrug, Comet and B & Q is looking for three auditors to add to its newly formed Corporate Audit department. The department will provide assurance to the board on the adequacy of commercial and financial control systems. The roles are London based involving travel to locations in and around the UK, with the possibility of European travel in the future.

The ideal candidates will be graduates in their mid to late 20's, hold a professional accountancy qualification (ACA, ACCA, ACCA), and have experience in either internal or external audit, including computerised environments.

The ability to work unsupervised and to play an active part in formulating and developing a successful audit plan is essential. Successful recruits will also have

excellent communication skills; being able to present findings at all levels, both in written form and orally. Emphasis will also be placed on the potential candidates' ability to pass on skills where necessary.

A hands on, "no nonsense" approach, proof of the required communication skills and an appreciation of the commercial impact of any findings, must accompany a good academic record.

Opportunities within the Group are outstanding. Kingfisher is committed to a policy of career development and successful candidates can expect promotion within 3 years.

For further information, please contact Lucy Bennett or Mark Gilbert ACA on 071 404 3155. Alternatively write, giving brief details, to the address below. All enquiries will, of course, be treated in the strictest confidence.

Alderwick Peachell

Alderwick Peachell & Partners Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071-404 3155. Fax: 071-404 0140.

## Group Finance Director

## Herts

£Neg + Car

Our client is a well respected, growth oriented car hire company. Their UK headquarters is based within easy access of London and the Northern home counties.

The company is currently in an exciting stage of development and future plans demand the recruitment of a technically proficient and commercially astute Finance Director. The successful candidate will work with the established senior management team to achieve the company's ambitious corporate goals in the UK and internationally.

Reporting to the Managing Director you will have significant input into further development and implementation of the business strategy, whilst ensuring that the group accounting, finance and company secretarial functions operate effectively.

You will be a qualified accountant with a proven record of achievement in a commercial environment and you will be looking for a role in a successful organisation that nurtures ambition, commitment and the need to win.

In the first instance, please contact Helen Isaac or Chris Denington at International House, 7 High Street, Ealing, London W5 5DB. Alternatively, call them on 081 566 5900.

Grant Thornton

MANAGEMENT CONSULTANTS

The UK member firm of Grant Thornton International

## SPALDING

c £35,000 + CAR

## Finance Director

This \$5 million turnover, privately owned business is one of the UK's leading suppliers of bulbs and plants direct to the public by mail order. It also has significant business supplying major retail chains.

As their first Finance Director you will be expected to bring the depth of light financial control and discipline necessary to allow the business to stabilise and move forward in these difficult trading conditions. There will be strong emphasis on systems development, costing, pricing, stock and cash control.

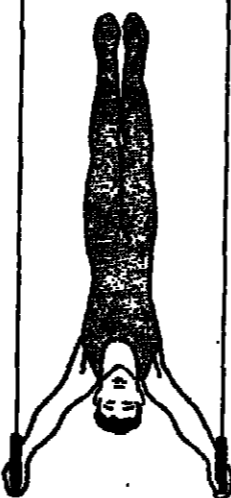
A qualified accountant, you will have good all-round financial management strengths with particular abilities in systems, planning, budgeting and cash control. Sound

commercial commonsense and the ability to make a wide contribution beyond pure financial parameters is essential. You must be analytical and at ease in a small company culture whilst implementing larger company disciplines.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT quoting reference JE246 on both envelopes and letter.

Coopers &amp; Lybrand Executive Resourcing

## BALANCING IN A GOOD CAUSE



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Information and application forms: Homeless International, 5 The Butts, Coventry CV1 3GH. Tel: (0203) 632802. Fax: (0203) 632911.

## GENERAL MANAGER

FINANCE &amp; ADMINISTRATION

AGE: 40+

SALARY: £25-30,000

LOCATIONS: CHICAGO &amp; HONG KONG

We are an international leader in the field of Corporate Event Management employing over 250 professionals in nine offices worldwide.

Due to the Company's expansion we are seeking to appoint two individuals to head up the Finance/Administration functions in our Chicago and Hong Kong offices.

We are seeking a mature Manager with in-depth experience of General Management beyond purely the Finance and Administrative function, preferably within a sales oriented company.

The successful applicant will take a hands-on approach to all administrative functions and possess negotiating and leadership qualities as well as the general management skills required by a senior member of the management team. Please send your C.V. in strict confidence quoting reference C.M.1 to:

The Human Resources Director, 48/47 Pall Mall, London SW1Y 5JG

## EUROPEAN AUDIT MANAGER

ACA/FCA

Midlands Based

Circa £40,000

This \$5 billion turnover International manufacturing and distribution Organization operating in 27 countries has recently reported outstanding sales and profit growth. A worldwide leader in its field, it manufactures and markets vehicular and industrial components for original equipment and replacement parts markets.

Reporting to the Vice President of Worldwide Audit, this newly created senior position will have responsibility for performing financial and operational control audits and special projects in the UK and Continental Europe. Prior experience of

recruiting, managing and motivating professional staff would be advantageous.

The successful candidate must possess a thorough knowledge of the manufacturing/distribution industry preferably with an international perspective. As a Chartered Accountant, you will demonstrate strong financial accounting skills and experience of conducting due diligence and post acquisition reviews. Strong analysis and programme evaluation skills are essential. In addition, the individual must be able to command the respect of Finance Directors and team members in the field.

The global spread of activities will require this individual to undertake a considerable degree of international travel. Knowledge of an additional European language is a must. The Group's strategy of continued growth along with planned acquisitions ensures that opportunities for promotion to financial management positions will continue to occur. Interested applicants should telephone Jacques Polle on 071-379 3333 (fax 071-915 8714) or write enclosing career details to Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

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## FINANCE DIRECTOR

Aberdeen

c. £35,000 + Car

+ Substantial Profit Related Bonus

Hall & Tawse Scotland Ltd is one of Scotland's leading construction companies with over 1,000 employees and a turnover of £70 m. The head office is based in Aberdeen and the company has a regional office in Glasgow and operational offices in Broxburn, Perth, Elgin and Fraserburgh. The company is part of Raine plc, who were recently listed in the top ten construction groups in the UK.

### The Role

Responsible to the Managing Director of Hall & Tawse Scotland Ltd for the financial management of the company.

Expected to contribute actively to the commercial management and strategic development of the business throughout Scotland.

### The Qualification

A qualified accountant aged 35 to 45 preferably with construction industry experience and a proven record of success at board level.



**HALL & TAWSE**

A Subsidiary of Raine Plc

Please reply enclosing full CV to: Mr Iain Moir, ASA International Limited, 498 Union Street, Aberdeen AB11 1TS. Tel: 0224 848062

## Chief Internal Auditor

c.£40,000

North Kent

## business focused strategic role

Black Horse Financial Services is one of the country's fastest growing financial services groups. Operating within a highly competitive marketplace, we have both the vision and the commitment to quality products and services to maintain the energetic pace of growth that has been our success for almost a decade.

In an environment which is traditionally exposed to fraud and risk, your role is to develop and direct the strategy of a department key in protecting our assets. As such, you will be responsible directly to the Finance Director for the audit policy of the company across all divisions and functions.

Able to take a wider, business focused view of our operations, you will appreciate the impact of your recommendations across the company and will possess the communication skills necessary to gain acceptance. Such a high profile 'consultancy' role will, of course, have an impact on our business policy and overall strategy.

With substantial internal audit experience in the financial services sector and a relevant business degree, your management ability is well defined. In addition, you have developed a thorough working knowledge of financial business systems and related internal, control and resource management.

Naturally, your highly professional approach includes demonstrable leadership and motivational skills and the ability to adjust your style to the appropriate audience. Good analysis and judgement skills are essential as is the ability to be decisive and take ownership for your actions accordingly.

We offer a benefits package that includes an attractive salary along with an excellent company pension scheme, and performance related pay reviews.

If you can deliver results at a strategic level, please write with full CV and covering letter outlining your current salary and achievements to: Catherine Farrant, Senior Personnel Officer, Black Horse Financial Services, Mountbatten House, Chatham, Kent ME4 4JF. Tel: 0634 836449.



**Black Horse Financial Services**

## Director of Finance & Administration

An exceptional opportunity to play a key role in a successful City law firm

City

c£100,000 + benefits

Following a major structural and strategic review, our client, a highly successful international law firm now wishes to appoint an outstanding individual to the post of Director of Finance and Administration.

The post is exceptional in that it will require a wide range of skills, experience and confidence on the part of the individual as well as energy and drive. The appointed candidate will report to the Chief Executive and will be a member of the Partnership Council. He or she will have responsibility for providing clear management data, a coherent financial strategy and first class day-to-day administration for the firm as a whole. This will involve overseeing a workforce of around 100 people involved in facilities management, IT, finance and accounts plus close liaison with the partners and fee-earners.

As this is a new role the challenges cannot be underestimated. Successful candidates are likely to be graduate chartered accountants who can already demonstrate achievement as a Finance/Administration Director in the services sector. Experience of working for a professional partnership would be regarded as a plus and a strong "hands-on" IT background is essential.

Candidates are likely to be high achievers who have enjoyed success early in their careers, possess excellent interpersonal skills and can influence and persuade at the highest levels.

Interested candidates should write enclosing full career and salary details to Anna Ponton, quoting reference J0752.



**Selection & Search**

1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

## Group Financial Controller

Director designate

c£50,000 + car

West Country

Our client is a leading book manufacturer with expanding markets both in the UK and overseas. Turnover of the privately-owned group is over £25 million with much of the profit re-invested in new plant and machinery.

Responsibility will be for all aspects of the finance function of group companies. You will also be a member of the board of the major subsidiary. Additional responsibilities and promotion to the Group Board are envisaged later this year.

The role is operationally 'hands on' but with a strategic content. You will also be Company Secretary and have responsibility for associated company matters. A key objective will be to provide more 'user friendly' support to line management.

A qualified accountant in your thirties or early forties, you will almost certainly have gained much of your experience in a manufacturing business, probably small or medium-sized and possibly privately owned.

A sociable out-going personality, with the energy and enthusiasm to work effectively with a young, successful and highly-committed management team, is essential.

Prospects for the future in this forward-looking and expanding group are exciting.

Please write - in confidence - to Brian Woodrow, quoting ref A21710, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

**MSL International**  
CONSULTANTS IN SEARCH AND SELECTION

## GROUP TAXATION MANAGER

Candidates should have wide experience of acquisitions/divestments and transfer pricing as well as corporation tax, VAT and income tax. The ability to communicate complex issues clearly is desirable.

The rewards for the successful candidate include a highly competitive salary, commensurate with the position's seniority and responsibility. We are also offering a company car, contributory pension scheme and other benefits associated with a large progressive organisation. Relocation expenses are available.

If you believe you have the depth of experience and this is the challenge you are seeking, please write in strictest confidence with full c.v. and details of current remuneration package to Mr Stuart Roberts, Group Personnel, 11th Floor, The Littlewoods Organisation plc, 100 Old Hall Street, Liverpool L70 1AB.

**Littlewoods ORGANISATION - PLC**  
We are an equal opportunity employer

## FINANCIAL ANALYST

Our Client, one of the fastest growing companies in Europe, is a highly prestigious blue chip leader in the telecommunications industry. Substantial investment - in the latest technology, and the best people - will ensure that they continue to build on their outstanding achievements to date. This company recognises the importance of controlling and sustaining growth through in-depth commercial analysis and careful financial planning.

An opportunity exists to work within financial planning and analysis and join a team of dedicated specialists responsible for maximising profit opportunities. We're looking for an individual who is strong on analysis and evaluation: a commercial problem solver with good communication skills, who will provide support in a whole range of areas, including performance management, service and product forecasting, investment appraisal, competitive advantage analysis and the development of service level agreements. Ideally, you will be a qualified Accountant with at least 2 years' post qualification experience, gained in a large corporate commercial environment.

So if you have the energy, flair and commitment to make a positive contribution to the future of this company, its success story could be yours. Our Client offers real job satisfaction, a commitment to personal and professional development and a full range of large company benefits.

Please apply directly to Shelly Mallett or Charles Mackend at Robert Half, Walter House, 418 The Strand, London WC2R 0PT. Telephone: 071-836 3545. Alternatively, fax your details on 071-836 4942.

c£27-30,000

+ Car

Milton Keynes

**ROBERT HALF**  
THE HUMAN FACTOR

### DERIVATIVES ANALYST

£35,000 + Bank Benefits  
Major International Bank

- Qualified Accountant
- Aged 27 - 32
- Minimum 2 years Derivatives experience
- Strong Maths background
- New team being recruited for this product area.

Write to Box B1667, Financial Times, One Southwark Bridge, London SE1 9HL.

### APPOINTMENTS WANTED

### FINANCE DIRECTOR

AGE 39 - FCA

Extensive experience of acquisitions/mergers/re-financings and good City contacts both as a partner in a major firm of accountants and in industry. Seeks challenging FD or consultancy position in medium size business on a short or long term basis. Currently based in London but prepared to relocate.

Write to Box B1060, Financial Times, One Southwark Bridge, London SE1 9HL.

## Commercial Manager

Independent School

Attractive location

Changing patterns of education have presented independent schools with a considerable challenge to which the best are responding with vigour and a realistic approach to market conditions.

One such school now wishes to appoint a Commercial Manager to join its management team working with the Headmaster to control and develop a thriving medium sized business.

Applicants should be under 45, graduates, and have broad commercial experience with good financial and people management skills. An interest in children and education is important as the role involves active membership of a community with about a thousand co-educational pupils.

A competitive salary will be offered with normal benefits and the opportunity to educate one's children at a considerably reduced fee level.

Please write including full career details quoting ref: 3343/1 to:

Mason & Nurse Associates  
126 Colmore Row  
Birmingham B3 3AP  
Offices in London & Birmingham

**Mason & Nurse**  
Executive Search

## Outstanding Development Opportunities For High Calibre Achievers

This £57m turnover company has industry leading products and an established blue chip client base. As part of an international group it has tremendous global market opportunities. It is highly profitable, customer focused and entrepreneurial in style. The long term trends of the last two years are now expected to accelerate. In this environment change is a constant and the finance function is currently seeking three outstanding young accountants to play leading roles in the next phase of company's development.

**Western Home Counties - c £35,000 + Car**

### FINANCE MANAGER

This position will take responsibility for organising and developing financial accounting and reporting. It is a team of nine including two accountants. The role will demand excellent technical ability, but more importantly you will need strong leadership, communication and team building skills. The successful candidate will be quick to identify development opportunities and then plan and carry through the necessary changes to raise the profile and effectiveness of this function. You will need the confidence and judgement for independent decision making and the clarity of thought to deliver explanation, guidance and development paths to subordinates. You will be expected to deliver practical results on technical and systems issues. To drive this process of change you will need to be assertive, resilient and adaptable.

All of these appointments offer excellent prospects to graduate calibre qualified accountants aged up to 30. Most probably trained in a blue chip corporate or professional environment you will then have gained some 'sharp' and experience. The posts require excellent technical skills, mental agility and strong systems knowledge. Emphasis will be placed on your ability to manage small teams at a time of great change and to deliver practical solutions to real business issues. Proactive candidates who can create structured solutions without recourse to established corporate procedures will succeed.

### HEAD OF MANAGEMENT ACCOUNTING

Planning and managing business requires accurate, timely and flexible information gathering and organisation. The function has wide ranging scope for development; the task is to merge it into a technically advanced, business focused, creative function which co-ordinates closely with management. All budgeting work will be under your control but an equal emphasis must be developed on commercial analysis, planning and strategy. A key criterion in candidate selection will be proven experience of systems development and enhancement. You will be expected to assimilate rapidly a keen understanding of the challenges facing the various business functions and to relate these to information requirements and structures. Leading a small team you will need to be articulate, persuasive, practical and results oriented.



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Candidates should write to Richard Wilson  
at Michael Page Finance, Windsor Bridge  
House, 1 Brocas Street, Eton, Berkshire SL4 6BW  
making clear which appointment is of interest.



## European Retail Financial Controller Middlesex £ Competitive

Timberland has been committed to quality, hard work and value for money. The company has gone from making a small profit to a major retail high quality fashion brand, and is now a leading force in the process of becoming a major retail brand. The Timberland Group are now looking for a European Retail Financial Controller to join the team. This is a challenging role with a high level of responsibility and a significant workload.

In line with the company's business plan for 1993, the UK company is looking for a European Retail Financial Controller to join the team. This is a challenging role with a high level of responsibility and a significant workload.

The successful candidate will be responsible for the financial control of the European Retail business, including the management of the European Retail Financial Controller.



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## SYSTEMS ACCOUNTANT

Migrating to AS400, we're seeking a talented Change Manager to drive the project and move into a senior accounting role

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The company's systems are to migrate from ICL to IBM AS400, and to manage the change within Head Office Accounting we're searching for a talented Systems Accountant. The brief will entail a complete review of current systems to determine requirements, identify areas for streamlining and integration, and evaluate the most suitable software systems for the future. Reporting to the Finance Operations Director, you'll have responsibility for implementing the chosen programmes and handling the training of staff. As a Change Manager you'll need excellent interpersonal skills to promote the benefits of new procedures and ensure enthusiastic acceptance of the new regime.

Ideally a graduate with ACA or ACMA qualifications, you'll be experienced in the selection, development

and implementation of accounting systems, preferably in mgmt types of business. Familiarity with IBM AS400 would be a major advantage, as would a proven track record of change management within a large department.

If you have the abilities and the temperament to take this project through to a successful conclusion, you can look forward to a subsequent role in a senior accounting position and excellent prospects beyond. The benefits on offer include 5 weeks' holiday, BUPA, non-contributory pension and employee vehicle scheme.

Please write with your full cv, quoting ref: 690, to Terry West, Managing Director, Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.



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Part of the small and informal management team, the Finance and Administration Manager will be based in Victoria Island, Lagos though travel will be required to visit customers, company operations, financial and government institutions and UK corporate headquarters. You will have

"hands-on" responsibility for all day-to-day finance matters as local administrative support is limited. Nevertheless, you will spend much of your time on project work including business development and bid preparation, bank liaison and foreign exchange/cash flow management.

Strong on financial control and cash flow monitoring, you will probably have a heavy engineering background.

Experienced in the costing and financial management of contracts, you will have a record of successful negotiations with customers, suppliers and banks. Exposure to the taxation, treasury and legal aspects of offshore companies would be an advantage.

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Interested applicants should write enclosing full career and salary details and quoting reference D/0023 to:

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## FINANCIAL ACCOUNTING MANAGER

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## CITY TREASURER

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(Ref 4510)

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The role demands a dynamic and experienced professional with an approved accountancy qualification and with a successful track record in financial management, preferably in the Finance Department of a Local Authority.

The City enjoys a reputation for warmth and welcome, a strategic position, and combines an inner-city core with an attractive urban periphery, making it an ideal place to live and work.

Application forms may be obtained from the Personnel Manager, Salford Civic Centre, Chorley Road, Swinton, Salford M27 2BN, tel. 061 793 3507 (answerphone service after office hours). Minicom 061 793 2544 (hearing impaired applicants only). Please quote post reference in all communications.

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We need a commercially driven, innovative finance professional with a proven track record of successful management of change, to plan and implement new financial strategies in the highly competitive field of health care.

A qualified accountant with sound business achievements, considerable experience at a senior level and a working knowledge of I.T., you will play a full and pro-active role in developing strategies for success. Strong leadership and influencing skills are essential, together with the ability to form good working relationships at all levels in an organisation with a diversity of skills and cultures.

It is unlikely that anyone under 35 will have the maturity and experience for the demands of this post.

If you can meet this challenge find out more by contacting Janet Baker, Personnel Manager on 081 455 6601 at Manor Hospital, North End Road, Golders Green, NW11 7HX, an information pack is available.

## DIRECTOR OF FINANCE

BIRMINGHAM

package c.£35,000

Friendship Housing is a dynamic housing association providing rented, shared ownership and community care housing throughout the Central Midlands. For almost 40 years, by deploying innovative yet practical solutions, we have achieved growth whilst promoting our clear values as a social housing and care organisation. This is how we define success.

We now need a Finance Director who will be excited by the challenge of working in an environment where change and innovation are the fundamentals of operation.

You will be both a manager and a strategist with wide ranging financial skills, including a detailed knowledge of capital markets and a successful track record in private finance negotiations. You will participate in the corporate management of the organisation and must therefore be experienced in business planning, budgeting, cashflows and have the ability to act as Company Secretary.

If you are seeking an opportunity to join a dedicated and professional team working in an expanding sector of the economy we would like to hear from you.

Friendship has an active Equal Opportunities policy, and for this senior post we especially seek applications from Black and Asian people, and women. We also welcome applications from people aged 40+ and people with disabilities, who are guaranteed an interview if suitably qualified.



For details and an application form  
tel: 021-773 4941, (answerphone  
after 5pm) or write to Hasmita  
Farman, 17 Braidwhite Road,  
Sparkbrook, Birmingham B11 1TB,  
quoting ref: 2.1.01.

Closing date: 7 June 1993.



## European Operational Review

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With a dedicated workforce of nearly 20,000, THORN EMI Rental (TER), a major division of THORN EMI Plc, serves the needs of over four million rental customers in 19 different countries. As a result, TER is by far the largest rental organisation in the world and is market leader in every major territory in which it operates. Last year the Company made pre-tax profits approaching £125 million on turnover in excess of £1 billion. Operating as one of four distinct geographical regions, THORN EMI Rental-Europe has business outside the UK in 12 countries. It has 320 shops and is the dominant market force, providing rental services to both domestic and commercial clients.

An opportunity has arisen to recruit an additional individual to operate as part of a small, highly visible audit team. The Department has responsibility for conducting control reviews in accordance with the strategic plan together with performing independent investigations into aspects of individual business activities and ad hoc projects as requested by central management. The successful candidate will be based in Chertsey, Surrey, though he/she will be expected to travel extensively during the week. The role is seen as an excellent point of entry before moving to a line management role in one of the operating divisions.

The ideal candidate will be a qualified Chartered accountant from a 'Big 6' public practice firm with up to two to three years' post qualification experience. This could have been gained either within the profession or in a commercial environment. Fluency in a second European language is essential as is the aptitude to communicate effectively at all levels. Benefits include an attractive remuneration package, quality company car, and the ability to develop an international career in a highly successful company.

For further information in strict confidence telephone Jonathan Jones on 071-287 6285 (evenings and weekends on 081-464 0927). Alternatively, please fax a curriculum vitae to our London office quoting ref JJ 413.

**WALKER HAMILL**  
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29-30 Kingly Street London W1R 5LB  
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## Financial Controller

City

Securities

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Operating from 19 offices, the firm is excellently placed for further growth. It is continually exploring new methods of investment and actively participates in the development of synthetic and derivative products.

An excellent opportunity has arisen for a top calibre ACA who has had significant exposure to a dealing room environment, preferably with in-depth product knowledge.

Reporting to the Finance Director, the Financial Controller will be responsible for managing a team of 14 staff, covering all aspects of expenditure and revenue reporting, group consolidation and balance sheet reporting. This will involve significant exposure to senior management and the international offices.

The ideal individual will be aged 30 to 35 and will have worked within an International Bank or Securities House for a number of years. Experience in managing a multifunctional team and exposure to the design and implementation of IT systems would be an advantage.

The remuneration will include an attractive basic salary, an excellent performance related bonus, BUPA and Pension.

For further information in strict confidence telephone Robert Walker on 071-287 6285 (evenings and weekends on 0798 831413). Alternatively, please fax a curriculum vitae to our London office quoting ref RW 1319.

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From a start-up distribution operation, you will be responsible for installing all financial reporting systems, building, training and managing a high-calibre team, as well as developing strategic and annual financial plans and forecasts.

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To meet this challenge it is essential that you provide the following:

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In return you will receive an excellent salary package and a career with one of the world's leading multinational employers. Opportunities for progression within this dynamic organisation will be limited only by personal ability.

Interested applicants should send a CV to Michael Pickford at Nicholson International (Search and Selection Consultants), Africa House, 64-78 Kingsway, London WC2B 6AH, or fax on 071 404 8128; or to Michael Tate at Nicholson International (Prague), Na Porici 17, 110 00 Prague 1, Czech Republic, or fax on 010 422 232 2925. Please quote job reference 9912. Alternatively call Michael Pickford on 071 404 5501 or Michael Tate on 010 422 232 2925 for an initial discussion.

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## Financial Controller

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International Data Corporation (IDC) is the world's leading provider of market research and consulting on the information technology industry. This is a new, high profile position which reports directly to IDC Europe's President. The successful applicant will work with IDC's subsidiaries throughout Europe to develop improved financial reporting, budgeting and controls, critically appraise results and provide advice to senior management.

The role calls for an experienced financial manager with strong interpersonal skills and the commercial acumen necessary to work with multiple business unit managers throughout Europe. We require a qualified chartered accountant with at least 5 years' experience in a multinational company. Experience with a professional services, consulting or market research firm is preferred. Strong financial analysis skills are required. Fluency in two or more European languages is preferred. Considerable travel will be necessary.

If you wish to pursue a challenging career opportunity in an entrepreneurial business environment, please send your CV to Shirley Homedes, International Data Corporation, 2 Bath Road, Chiswick, London W411LN.

**IDC**  
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## FINANCIAL DIRECTOR

A successful newspaper publisher and contract printing company, part of an international group, seeks a financial director who will not only help us to crunch our numbers, but make a big contribution towards continuously improving them. Computer literacy is needed and publishing or printing industry experience would be useful. But drive, initiative, ambition and general management skills are more important. Our parent company, Trinity International Holdings, are expansionist and have a policy of developing talent and promoting from within. So opportunities for further advancement in Trinity are good. Your salary and benefits will reflect the key role we want you to play.

We are based on the scenic North Wales coast, on the edge of the Snowdonia National Park, but Manchester and Liverpool are within 90 minutes drive time, and Chester is 45 minutes away, so we've got the best of both worlds.

Write in full, stating salary, to: Chief Executive, North Wales Independent Press, Llandudno Junction, Gwynedd, LL31 9SL. Mark your envelope "Finance Director Application".

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**ASSISTANT  
ANALYSTE-  
FINANCIER**

## Assistant Financial Controller

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**The Company:** Simmons Magee Plc is a leading supplier of high quality micro computer and communications equipment, and associated technical services.

**The Position:** Reporting to the Financial Controller, the position entails (ultimately) operational responsibility for all areas of the accounts department, including production of management and statutory accounts, cash flow management, ad hoc projects, as well as assisting the Financial Controller in the effective running of the purchasing, distribution, personnel and quality functions within the company.

**The Person:** The successful candidate will be a newly qualified ACA with drive, enthusiasm, common sense and with the ability to think on their feet. Commercial awareness is essential. Advanced spreadsheeting skills would be a positive advantage. The environment is hard working and fast moving, and requires a temperament to match.

Please forward your CV, in strictest confidence, to Simon Hosking at Simmons Magee Plc, 1 Dee Road, Richmond, Surrey TW9 2JN. No Agencies

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## Excellent Opportunities for High Calibre Finance Managers

The Defence Research Agency is an Agency of the Ministry of Defence. Our mission is to be the prime provider of technical advice to the MOD. We also provide advanced technical services to other Government departments and to private industry. Under the leadership of a Chief Executive recruited from industry, we are undertaking a dramatic programme of change to become a progressive, professional and efficient commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international standing.

These changes have generated the need for a significant programme of cost reduction, market testing and cultural change in the support services of the DRA. To push these initiatives through to a successful conclusion we need to recruit a number of dynamic, able, flexible and commercially minded Finance Managers for the support services area of DRA.

### Financial Controller, Engineering - Farnborough c. £30,000

This position reporting to the Engineering Services Director, heads the team developing and implementing financial management initiatives within this £70M per annum sector, which largely supplies internal customers. The role is highly operational in nature and responsibilities include the co-ordination of annual budgets and forecasts, the review and analysis of divisional reports and forecasts, and the provision of timely financial and management information and advice to senior management in Engineering Services. A major involvement in the market testing of in-house operations is about to commence.

Candidates should be qualified accountants with about 5 years' post qualification experience in a large corporate environment. The ability to manage a dispersed team, while communicating with individuals at all levels and of all disciplines throughout the organisation is essential.

### Management Accountants Farnborough and Portsmouth c. £24,000

These positions report to senior managers within the Site Services sector, which provides the services necessary to operate sites and to support business sector operations thereon. The role is similar to that of the Engineering Financial Controller but each post covers a geographic area of overall Site Services operations. The posts report functionally to the sector Financial Controller.

Candidates should either be recently qualified or passed finalists with strong communication skills.

### Assistant to Group Financial Controller - Farnborough c. £20,000

Reporting directly to the Group Financial Controller, this position involves the co-ordination, analysis, and consolidation of annual budgets and monthly forecasts for the four support service sectors of the DRA; review of capital expenditure proposals; and ad hoc projects in relation to the whole support services area of DRA (current cost circa £200M per annum).

Candidates should be passed finalist or part-qualified accountants with good computer skills.

These appointments will initially be for a fixed term of three years with the possibilities of extension to 5 years. Relocation expenses may be available.

To apply for any of these appointments please contact us for an application form quoting Ref: FT/12.49/93. Specialist Recruitment Office, DRA Portsmouth, PORTSMOUTH, Hampshire, PO6 4AA. Tel: (0705) 334455/333632. (0705) 385285 (24-hr).

Closing date for receipt of completed applications is 3rd June 1993.

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## FINANCIAL DIRECTOR

Oxford Clinical Communications, a leader in the Medical Communications industry, has a deserved reputation for excellence in customer service, by producing creative high quality medical education programmes to support the marketing demands of leading worldwide pharmaceutical companies.

To strengthen our team, we wish to recruit a Financial Director who has the vision to help us create the company strategy for future growth, combined with the ability to get involved on a day-to-day basis with the provision of an effective and efficient accounting service to the company.

The successful candidate will be a qualified accountant, with at least 5 years' experience at a senior level, including both management and financial accounting, and preferably with experience of project-based accounting, international operations, acquisitions, treasury and tax. Your financial skills must be combined with a personality that will feel at home in this young creative company.

The position carries an excellent remuneration package including company car and pension provision.

Please send your CV, marked for the attention of Barry Aiken, to Oxford Clinical Communications Limited, 213 Barns Road, Oxford OX4 3UT.

## FINANCE MANAGER

£27,000 - £32,000 + Bens

Our client, a prestigious banking organisation, is seeking a qualified ACA, ACCA or CIMA Accountant. Possessing a minimum of 1 years commercial post qualification experience and a high level of P.C. literacy. Your will supervise two sub-departments, (18 staff), producing financial and management accounts and streamline systems. Career prospects are excellent and our client envisages promotion with 18-18 months.

For further information call Justin Bradley on 071 495 1481 or fax your CV on 071 495 1301.

Parker Bridge Consultants,  
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## COMMODITIES AND AGRICULTURE

## Rhodium plunge forces Westplats to close shaft

By Kenneth Gooding, Mining Correspondent

THE COLLAPSE of rhodium's price has forced Western Platinum, the world's third-largest platinum group metals producer, to close a shaft at its biggest mine in South Africa and to lay off 1,500 people or 10 per cent of the workforce.

This was revealed yesterday by Mr Terry Wilkinson, Westplats' managing director in an otherwise upbeat presentation to the Association of Mining Analysts in London.

Mr Wilkinson pointed out the group put the shaft on care and maintenance only to cut costs and to ensure that Westplats' borrowings did not rise above the present R800m (£106m). Westplats' rhodium output, scheduled to be about 50,000 troy ounces in the financial year to end-September, would not be affected because production would be increased in other mining areas.

Rhodium, an essential material for some automotive anti-pollution catalysts, raced up to a record \$7,000 an ounce in 1990 but had fallen back to

\$1,850 by the end of last year and recently fell to about \$800 an ounce.

In its annual survey of the platinum metals market published earlier this week, Johnson Matthey, the world's biggest platinum marketing group, warned that the recent rise in platinum's price was unlikely to compensate the South African producers for the fall in rhodium and that production cuts might have to be made.

Mr Wilkinson suggested there was a small supply surplus of platinum last year but Mr Wilkinson said his impression was that the platinum and rhodium markets were in balance.

Westplats sells directly to only 14 customers - including Engelhard in the US and Mitsubishi in Japan - and Mr Wilkinson said that there had been no sign that they had been using rhodium from stock.

Westplats aims to produce 480,000 ounces of platinum this year and by 1995 expects annual production to include 550,000 ounces of platinum and 65,000 ounces of rhodium. Mr

Wilkinson said the group's recent expansion had been, and would continue to be, driven by demand from the small group of customers. "We would not put platinum into the spot market."

He said that Westplats was "over the capital expenditure hump" and needed to spend only about R40m a year for some time. No decision had yet been taken on various methods of reducing debt but a rights issue had not been ruled out. Mr Wilkinson pointed out, however, that Mr Dieter Bock, new chief executive of Lonrho, which owns 73 per cent of Westplats, had said that Lonrho would retain at least 51 per cent of Westplats. Gencor of South Africa owns 27 per cent of Westplats and has indicated that it would like to increase its stake.

Analysts said that positive tone of the presentation, during which Mr Wilkinson said Westplats was the lowest-cost platinum metals producer with the highest profit margins, implied the company was being readied for stock market flotation.

## Sagging rubber prices put pact in jeopardy

Kieran Cooke on next week's crucial meeting between producers and consumers

THE FUTURE of the International Natural Rubber Agreement will be decided next week when producers and consumers meet here to make one last attempt to avert the collapse of one of the world's more enduring commodity pacts.

The negotiations - under the auspices of the International Natural Rubber Organisation - come at a time when rubber prices have slumped to their lowest level in real terms for more than 30 years, partly because of uncertainties about the future of the agreement.

"I just hope some compromise can be worked out," said a delegate from one of the consuming country members. "When it comes down to it the abandonment of Iru is in no one's interests - the producers are going to suffer the most if it collapses."

The early signs are not good. Indonesia, Thailand, Malaysia, Sri Lanka, Nigeria and the Ivory Coast, together accounting for about 80 per cent of global natural rubber production, are on one side of the Iru negotiating table. On the other side are the European Community, the US, Japan, China, the Commonwealth of Independent States and some smaller consumers.

The producers see pricing as the main issue. They say that

## Rubber

RSS No. 1 (Malaysian cents per kg)



Source: Datastream

the agreement, which has been in existence in one form or another since the late 1970s, has not been effective in ensuring fair prices to rubber growers, particularly over the last five years. Malaysia, until recently the world's biggest producer, has seen its production fall in each of the last four years as low prices have forced plantation owners and farmers out of business. The producers say Iru must be renegotiated to give them a better deal.

The consumers, while recognising the difficulties producers are facing, say that with the recession in much of the industrialised world, demand is weak. "It's all about supply and demand, it's as simple as that," said one rubber trader.

Thailand's Agriculture Ministry will seek cabinet approval this month for a special 500m baht (\$33m) budget to be allocated to finance a government effort shore up weak rubber prices, reports Reuters from Bangkok.

Mr Sanit Samosorn, director of the Rubber Research Institute, said the budget, together with similar previous allocations, will enable the government to buy 30,000 to 40,000 tonnes of unprocessed rubber.

He said the government fund was aimed at keeping the price of domestic unsmoked sheets USS-3 at B17 a kilogram, compared with the present market price of B15.50-16.00.

He said that the ministry would also ask the central bank to extend short-term soft loans to private and state-owned agricultural co-operatives to help them stock more rubber.

The concessional loans will carry a 5 per cent annual interest rate, compared with the 15 per cent commercial banks charge small borrowers.

big tyre companies - say the immediate issue is the failure of producers to abide by the terms of the agreement. They say producers broke Iru rules by refusing to agree to a downward revision of prices earlier this year. Until that issue is resolved there can be no discussion of renegotiating Iru, which expires at the end of this year, they warn.

Increasingly harsh words have bounced back and forth, with the producers, in particular, making little effort to hide their anger.

Mr Lim Keng Yaik, Malaysia's minister of primary industries, has accused consumer countries of not caring whether price levels are realistic for producer countries. "Producers face a further dilemma in that if the agreement does collapse then nearly

200,000 tonnes of natural rubber stockpiled by its buffer stock manager will start being sold on the open market, exerting further strong downward pressure on world natural rubber prices.

This might all sound like good news for the consumers. But in the medium to long term they would also face problems. Consumers need security of supply, but if prices continue dropping then inevitably more producers will go out of business and eventually world supply will contract. Furthermore consumers cannot afford to lose sources of supply like Malaysia, which, with its long history of rubber production, delivers high quality product.

Even in the short term the consumers would face difficulties if the agreement was abandoned. Iru has provided some sort of global framework for the rubber industry and, for all its limitations, a pricing guide. Consumers do not relish a free-for-all in the rubber market, with all the extra negotiations and paper work that would entail.

A Malaysian negotiator at the talks says that if what he calls enlightened self-interest prevails, then Iru might yet be saved. "But there is a lot of belligerence about. I'd put the chances of saving Iru at only about one in three at best."

## Bigger sugar deficit forecast

By David Blackwell

WORLD SUGAR production will fall 0.5m tonnes below consumption in 1992-93, according to Czarnikow, the London trade house.

The group's latest sugar review puts production at 111.6m tonnes, down 3m tonnes from the last estimate in February, and substantially below last year's 116.42m tonnes.

Consumption is now estimated at 113.9m tonnes, and 600,000 tonnes has been allowed for what Czarnikow terms "unrecorded disappearance". The deficit is well ahead of the International Sugar Organisation's figure of 1.61m tonnes, announced earlier this week.

Mr Chris Pack, analyst at Czarnikow, said yesterday that the latest figures showed a swing from last season's surplus to this season's deficit of 7m tonnes.

"It is not surprising that the market has moved sharply ahead," he said. "It is trying to find a new level."

For most of the six months between last September and February, the New York nearby raw sugar contracts were trading between 8 and 9 cents a lb. But as perceptions increased of much lower crops than expected in Cuba, Thailand and India, the market has risen sharply. On Monday the New York July contract reached a high of 13.25 cents a lb before profit taking set in.

Yesterday in late trading it was 11.85 cents a lb.

Czarnikow estimates Cuban production at 5.5m tonnes, on the high side compared with other forecasters but still well down on last year's 7m tonnes. Indian production is put at 11.5m tonnes, down 3m tonnes from last year, while Thailand is expected to produce 3.8m tonnes, down from 1991-92's 5.1m tonnes.

Mr Pack said that now a clearer picture of production was emerging, the market was looking for signs of demand, which has been restricted by the higher price levels. "This market is fundamentally driven," he said, "but demand is a little cool for some of the rampant bulls to follow."

## Production to be doubled at Amazonian gold mine

By Bill Hinchberger in Sao Paulo

COMPANHIA VALE do Rio Doce, the state-controlled Brazilian mining group, is investing \$20m to double gold production at its Igarape Bahia mine in the Carajas region of the Amazonian state of Para. Last year, output from the site was 4.9 tonnes.

When the new facilities come on line in mid-1994, CVRD's annual gold production capacity will stand at 17 tonnes. The company produced 11.3 tonnes in 1992.

Brazil's overall production will probably remain about the

same as last year's 76.5 tonnes, however, predicted Mr Peter Rich, a consultant based in Rio de Janeiro. CVRD's growth is likely to be offset by a drop off from other mining companies. Some other sites are nearing depletion, and other inefficient operations will be unviable unless the metal's current price recovery becomes even more bullish, said Mr Rich.

Multinationals cannot be expected to invest unless there is a change in the constitutional restriction on foreign majority ownership of mining operations, he added.

The expansion of Igarape Bahia is part of a programme

designed to boost annual production to about 30 tonnes by the year 2000, said Mr Francisco Viveiros. CVRD superintendent of gold operations. That would make the company "part of the club of the world's biggest producers," he noted.

If that sounds ambitious, it must be remembered that CVRD produced just 1.7 tonnes as recently as 1989. "Brazil doesn't have a tradition of hard rock mining, but they've performed miracles," said Mr Rich.

To reach its goal, CVRD is investing about \$40m this year for prospecting and geological surveys, according to Mr Viveiros.

About \$25m of that is specifically earmarked for potential gold discoveries, with the other \$15m part of the general prospecting budget where gold is one of several minerals sought, said the company official.

Some analysts are sceptical about the investment figures, but if they are accurate, CVRD is spending twice as much this year in Brazil as all other mining companies combined.

The company, the world's biggest exporter of iron ore, has been able to gamble with gold and maintain satisfactory margins in an era of low prices thanks to low production costs.

It spent \$200 to produce an ounce of metal, less than the most efficient US and Australian producers, said Mr Viveiros. Factors helping to reduce costs are Igarape Bahia's proximity to infrastructure at the nearby Carajas iron ore site, and competitively priced hydroelectric power.

Mr Viveiros stressed the benefits of a "fly-in-fly-out" labour scheme, whereby miners and their families maintain their permanent homes away from the jungle site, decreasing infrastructure outlays, and cost-cutting negotiations with suppliers of processing chemicals and other inputs.

## India lifts foodgrain production target

By Kunal Bose in Calcutta

THE INDIAN agriculture ministry has raised its foodgrain production target for 1992-93 to 185m tonnes, encouraged by indications that this year's south-west monsoon will arrive on time and that rain levels will be normal.

Until recently the foodgrain production target was a subject of contention between the Planning Commission, which suggested a figure of 188m tonnes, and the agriculture

ministry, which wanted it to be pegged at 183m tonnes.

In addition to the monsoon hopes, the agriculture ministry has been induced to come round to the Planning Commission's view by a rise in the 1992-93 estimate from 177m tonnes to 180.3m. Few had expected that output would touch 180m tonnes as the monsoon broke late and there was drought in many parts.

The restoration of subsidy on phosphatic fertiliser in response to pressure from the

powerful farmers' lobby should make the increased production target attainable. The south-west monsoon, beginning in June, is crucial for India's summer crop, which is bigger than the winter crop. Last year's summer foodgrain crop amounted to 101m tonnes.

The Indian monsoon is considered normal if the rainfall is within 10 per cent of 86 cm; last year it was 77.4 cm. The Meteorological Department will this month issue a formal monsoon forecast.

## Full capacity reached after expansion at Bolivian open pit

By Chris Philpott in La Paz

ASSIGNED CAPACITY at Inti Raymi's Kori Khollo gold-silver open pit mine in western Bolivia, which recently underwent a \$18m expansion, has now been reached according to Mr Alvaro Ugaldé, the general manager.

The expansion of Kori Khollo was concluded in January. Inti

Raymi is 85 per cent owned by Battle Mountain Gold Company of Nevada. The remaining 15 per cent is held by Enusa, a Bolivian mining enterprise. The expansion programme will boost production capacity from 45,000 troy ounces of gold a year to 240,000 ounces. Silver capacity will increase from 250,000 ounces a year to 1m ounces.

Expansion was prompted by the exhaustion of the pit's 6m tonnes of gold-silver oxide deposits. Exploration showed a further 60m tonnes of sulphide deposits below, with a grade of 2.3 grams of gold and 14.5 grams of silver per tonne. Following installation of a new carbon leaching plant, the sulphide deposits are now being exploited. The recovery rate is

64.2 grams of gold and 28.7 grams of silver per tonne.

Production of oxide deposit ceased in February. The production figures for that month were 15,400 ounces of gold and 131,000 ounces of silver. Mr Ugaldé said overall production in 1992 reached 50,000 ounces of gold and 250,000 ounces of silver. Projected production for 1993 is 212,000 ounces of gold

and 900,000 ounces of silver rising in 1994 to 240,000 ounces and 1m ounces.

Funding for the company's expansion breaks down into \$95m from outside funding agencies, \$55m from Battle Mountain and \$31m from Inti Raymi itself. Mr Ugaldé believes a gold price of \$330 an ounce is necessary to cover interest payments.

## WORLD COMMODITIES PRICES

## MARKET REPORT

Cornex GOLD futures had rebounded by midday after early selling dried up, but the market appeared to be looking for direction. "We're at a key point here. People are nervous about going long and about going short," one New York analyst said. Producer selling depressed the market overnight, although buying out of the Middle East was seen providing some support. On the London bullion market business was relatively quiet. Dealers said the market had a more negative tone in the short term. "One day it looks okay over \$380, and then the next day, it looks bad and \$10

## London Markets

lower," one commented. COPPER consolidated earlier gains on the LME, and ended firmer, while other base metals ended narrowly mixed after routine trading. Dealers said copper benefited from a short-covering away from \$1,800 a tonne for three-month metal, but did little to threaten the \$1,850 target on the upside. Three-month ZINC spent the day trading just above \$890 a tonne, where some support was expected. Dealers see the market building a base above recent lows of \$970.

Compiled from Reuters

## SUGAR - London FOX

| White                                       | Close   | Previous        | High/Low |
|---|---------|-----------------|----------|
| Aug 297.30                                  | 296.30  | 297.50/295.00   |          |
| Oct 296.30                                  | 295.30  | 297.50/295.00   |          |
| Dec 296.30                                  | 295.30  | 297.50/295.00   |          |
| Mar 296.30                                  | 295.30  | 297.50/295.00   |          |
| White 800 (1993) Paris-White (FF) per tonne |         |                 |          |
| Aug 1674.50                                 | 1674.50 | 1674.50/1674.50 |          |

## CRUDE OIL - IPE

|     | Latest | Previous | High/Low    |
|-----|--------|----------|-------------|
| Jul | 18.47  | 18.20    | 18.48 18.10 |
| Aug | 18.64  | 18.43    | 18.66 18.30 |
| Sep | 18.75  | 18.50    | 18.78 18.48 |
| Oct | 18.73  | 18.63    | 18.75 18.61 |
| Nov | 18.71  | 18.71    | 18.71 18.68 |
| Dec | 18.95  | 18.72    | 18.98 18.70 |





## MINER 2014

|                       |     |     |     |
|-----------------------|-----|-----|-----|
| - Rugby Mining .....  | 124 | ... | 120 |
| - Normandy Foods..... | 85  | -5  | 90  |

Market capitalization growth is calculated separately for quoted.

Market capitalization growth is calculated separately for quoted.

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

| AUS Unit Trust Managers Limited (1000F)         |   |       |       |       |      |
|---|---|-------|-------|-------|------|
| 51 Belmont Rd, Uxbridge, Middlesex UB8 3TZ 0895 |   |       |       |       |      |
| AUS Growth America                              | 5 | 151.9 | 153.3 | 181.4 | +2.4 |
| AUS Growth Equity                               | 5 | 202.8 | 208.8 | 217.5 | +6.0 |
| AUS Growth Euro                                 | 5 | 158.8 | 161.8 | 178.1 | +0.3 |
| AUS Growth Euro Balanced                        | 5 | 100.2 | 101.9 | 105.1 | +1.7 |
| AUS Growth Gilt                                 | 5 | 77.07 | 78.09 | 78.68 | +0.9 |
| AUS Growth Japan                                | 5 | 194.7 | 196.2 | 174.9 | +1.5 |

Top 100 UK Trust Managers Listed (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

AAA Equity & Low Yield Trust Managers (12/99)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Abbey Unit Trust Managers (12/99)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Abernethy Unit Trust Managers Ltd (10/99)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Accum Fund Managers Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Accum Fund Managers Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Albion Unit Trusts Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Albion Unit Trusts Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Albion Unit Trusts Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
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| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Albion Unit Trusts Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
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| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Albion Unit Trusts Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Albion Unit Trusts Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Albion Unit Trusts Ltd (10/97)

| Rank | Trust Manager      | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|--------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life      | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        | 1,000       | 1,000        |
| 2    | Investment Company | 850         | 850          | 850         | 850          | 850         | 850          | 850         | 850          |
| 3    | Investment Company | 750         | 750          | 750         | 750          | 750         | 750          | 750         | 750          |
| 4    | Investment Company | 650         | 650          | 650         | 650          | 650         | 650          | 650         | 650          |
| 5    | Investment Company | 550         | 550          | 550         | 550          | 550         | 550          | 550         | 550          |
| 6    | Investment Company | 450         | 450          | 450         | 450          | 450         | 450          | 450         | 450          |
| 7    | Investment Company | 350         | 350          | 350         | 350          | 350         | 350          | 350         | 350          |
| 8    | Investment Company | 250         | 250          | 250         | 250          | 250         | 250          | 250         | 250          |
| 9    | Investment Company | 150         | 150          | 150         | 150          | 150         | 150          | 150         | 150          |
| 10   | Investment Company | 100         | 100          | 100         | 100          | 100         | 100          | 100         | 100          |

Albion Unit Trusts Ltd (10/97)

| Rank | Trust Manager | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) | Assets (£m) | Assets (£bn) |
|------|---------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|
| 1    | Standard Life | 1,000       |              |             |              |             |              |             |              |

|  | 1984 | 1983      | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |   |
|--|------|-----------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---|
| <b>Brown Shipley &amp; Co Ltd (10000F)</b> | 3-17 | Perpetual | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1 |

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|  | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 2062 | 2063 | 2064 | 2065 | 2066 | 2067 | 2068 | 2069 | 2070 | 2071 | 2072 | 2073 | 2074 | 2075 | 2076 | 2077 | 2078 | 2079 | 2080 | 2081 | 2082 | 2083 | 2084 | 2085 | 2086 | 2087 | 2088 | 2089 | 2090 | 2091 | 2092 | 2093 | 2094 | 2095 | 2096 | 2097 | 2098 | 2099 | 2100 | 2101 | 2102 | 2103 | 2104 | 2105 | 2106 | 2107 | 2108 | 2109 | 2110 | 2111 | 2112 | 2113 | 2114 | 2115 | 2116 | 2117 | 2118 | 2119 | 2120 | 2121 | 2122 | 2123 | 2124 | 2125 | 2126 | 2127 | 2128 | 2129 | 2130 | 2131 | 2132 | 2133 | 2134 | 2135 | 2136 | 2137 | 2138 | 2139 | 2140 | 2141 | 2142 | 2143 | 2144 | 2145 | 2146 | 2147 | 2148 | 2149 | 2150 | 2151 | 2152 | 2153 | 2154 | 2155 | 2156 | 2157 | 2158 | 2159 | 2160 | 2161 | 2162 | 2163 | 2164 | 2165 | 2166 | 2167 | 2168 | 2169 | 2170 | 2171 | 2172 | 2173 | 2174 | 2175 | 2176 | 2177 | 2178 | 2179 | 2180 | 2181 | 2182 | 2183 | 2184 | 2185 | 2186 | 2187 | 2188 | 2189 | 2190 | 2191 | 2192 | 2193 | 2194 | 2195 | 2196 | 2197 | 2198 | 2199 | 2200 | 2201 | 2202 | 2203 | 2204 | 2205 | 2206 | 2207 | 2208 | 2209 | 2210 | 2211 | 2212 | 2213 | 2214 | 2215 | 2216 | 2217 | 2218 | 2219 | 2220 | 2221 | 2222 | 2223 | 2224 | 2225 | 2226 | 2227 | 2228 | 2229 | 2230 | 2231 | 2232 | 2233 | 2234 | 2235 | 2236 | 2237 | 2238 | 2239 | 2240 | 2241 | 2242 | 2243 | 2244 | 2245 | 2246 | 2247 | 2248 | 2249 | 2250 | 2251 | 2252 | 2253 | 2254 | 2255 | 2256 | 2257 | 2258 | 2259 | 2260 | 2261 | 2262 | 2263 | 2264 | 2265 | 2266 | 2267 | 2268 | 2269 | 2270 | 2271 | 2272 | 2273 | 2274 | 2275 | 2276 | 2277 | 2278 | 2279 | 2280 | 2281 | 2282 | 2283 | 2284 | 2285 | 2286 | 2287 | 2288 | 2289 | 2290 | 2291 | 2292 | 2293 | 2294 | 2295 | 2296 | 2297 | 2298 | 2299 | 2300 | 2301 | 2302 | 2303 | 2304 | 2305 | 2306 | 2307 | 2308 | 2309 | 2310 | 2311 | 2312 | 2313 | 2314 | 2315 | 2316 | 2317 | 2318 | 2319 | 2320 | 2321 | 2322 | 2323 | 2324 | 2325 | 2326 | 2327 | 2328 | 2329 | 2330 | 2331 | 2332 | 2333 | 2334 | 2335 | 2336 | 2337 | 2338 | 2339 | 2340 | 2341 | 2342 | 2343 | 2344 | 2345 | 2346 | 2347 | 2348 | 2349 | 2350 | 2351 | 2352 | 2353 | 2354 | 2355 | 2356 | 2357 | 2358 | 2359 | 2360 | 2361 | 2362 | 2363 | 2364 | 2365 | 2366 | 2367 | 2368 | 2369 | 2370 | 2371 | 2372 | 2373 | 2374 | 2375 | 2376 | 2377 | 2378 | 2379 | 2380 | 2381 | 2382 | 2383 | 2384 | 2385 | 2386 | 2387 | 2388 | 2389 | 2390 | 2391 | 2392 | 2393 | 2394 | 2395 | 2396 | 2397 | 2398 | 2399 | 2400 | 2401 | 2402 | 2403 | 2404 | 2405 | 2406 | 2407 | 2408 | 2409 | 2410 | 2411 | 2412 | 2413 | 2414 | 2415 | 2416 | 2417 | 2418 | 2419 | 2420 | 2421 | 2422 | 2423 | 2424 | 2425 | 2426 | 2427 | 2428 | 2429 | 2430 | 2431 | 2432 | 2433 | 2434 | 2435 | 2436 | 2437 | 2438 | 2439 | 2440 | 2441 | 2442 | 2443 | 2444 | 2445 | 2446 | 2447 | 2448 | 2449 | 2450 | 2451 | 2452 | 2453 | 2454 | 2455 | 2456 | 2457 | 2458 | 2459 | 2460 | 2461 | 2462 | 2463 | 2464 | 2465 | 2466 | 2467 | 2468 | 2469 | 2470 | 2471 | 2472 | 2473 | 2474 | 2475 | 2476 | 2477 | 2478 | 2479 | 2480 | 2481 | 2482 | 2483 | 2484 | 2485 | 2486 | 2487 | 2488 | 2489 | 2490 | 2491 | 2492 | 2493 | 2494 | 2495 | 2496 | 2497 | 2498 | 2499 | 2500 | 2501 | 2502 | 2503 | 2504 | 2505 | 2506 | 2507 | 2508 | 2509 | 2510 | 2511 | 2512 | 2513 | 2514 | 2515 | 2516 | 2517 | 2518 | 2519 | 2520 | 2521 | 2522 | 2523 | 2524 | 2525 | 2526 | 2527 | 2528 | 2529 | 2530 | 2531 | 2532 | 2533 | 2534 | 2535 | 2536 | 2537 | 2538 | 2539 | 2540 | 2541 | 2542 | 2543 | 2544 | 2545 | 2546 | 2547 | 2548 | 2549 | 2550 | 2551 | 2552 | 2553 | 2554 | 2555 | 2556 | 2557 | 2558 | 2559 | 2560 | 2561 | 2562 | 2563 | 2564 | 2565 | 2566 | 2567 | 2568 | 2569 | 2570 | 2571 | 2572 | 2573 | 2574 | 2575 | 2576 | 2577 | 2578 | 2579 | 2580 | 2581 | 2582 | 2583 | 2584 | 2585 | 2586 | 2587 | 2588 | 2589 | 2590 | 2591 | 2592 | 2593 | 2594 | 2595 | 2596 | 2597 | 2598 | 2599 | 2600 | 2601 | 2602 | 2603 | 2604 | 2605 | 2606 | 2607 | 2608 | 2609 | 2610 | 2611 | 2612 | 2613 | 2614 | 2615 | 2616 | 2617 | 2618 | 2619 | 2620 | 2621 | 2622 | 2623 | 2624 | 2625 | 2626 | 2627 | 2628 | 2629 | 2630 | 2631 | 2632 | 2633 | 2634 | 2635 | 2636 | 2637 | 2638 | 2639 | 2640 | 2641 | 2642 | 2643 | 2644 | 2645 | 2646 | 2647 | 2648 | 2649 | 2650 | 2651 | 2652 | 2653 | 2654 | 2655 | 2656 | 2657 | 2658 | 2659 | 2660 | 2661 | 2662 | 2663 | 2664 | 2665 | 2666 | 2667 | 2668 | 2669 | 2670 | 2671 | 2672 | 2673 | 2674 | 2675 | 2676 | 2677 | 2678 | 2679 | 2680 | 2681 | 2682 | 2683 | 2684 | 2685 | 2686 | 2687 | 2688 | 2689 | 2690 | 2691 | 2692 | 2693 | 2694 | 2695 | 2696 | 2697 | 2698 | 2699 | 2700 | 2701 | 2702 | 2703 | 2704 | 2705 | 2706 | 2707 | 2708 | 2709 | 2710 | 2711 | 2712 | 2713 | 2714 | 2715 | 2716 | 2717 | 2718 | 2719 | 2720 | 2721 | 2722 | 2723 | 2724 | 2725 | 2726 | 2727 | 2728 | 2729 | 2730 | 2731 | 2732 | 2733 | 2734 | 2735 | 2736 | 2737 | 2738 | 2739 | 2740 | 2741 | 2742 | 2743 | 2744 | 2745 | 2746 | 2747 | 2748 | 2749 | 2750 | 2751 | 2752 | 2753 | 2754 | 2755 | 2756 | 2757 | 2758 | 2759 | 2760 | 2761 | 2762 | 2763 | 2764 | 2765 | 2766 | 2767 | 2768 | 2769 | 2770 | 2771 | 2772 | 2773 | 2774 | 2775 | 2776 | 2777 | 2778 | 2779 | 2780 | 2781 | 2782 | 2783 | 2784 | 2785 | 2786 | 2787 | 2788 | 2789 | 2790 | 2791 | 2792 | 2793 | 2794 | 2795 | 2796 | 2797 | 2798 | 2799 | 2800 | 2801 | 2802 | 2803 | 2804 | 2805 | 2806 | 2807 | 2808 | 2809 | 2810 | 2811 | 2812 | 2813 | 2814 | 2815 | 2816 | 2817 | 2818 | 2819 | 2820 | 2821 | 2822 | 2823 | 2824 | 2825 | 2826 | 2827 | 2828 | 2829 | 2830 | 2831 | 2832 | 2833 | 2834 | 2835 | 2836 | 2837 | 2838 | 2839 | 2840 | 2841 | 2842 | 2843 | 2844 | 2845 | 2846 | 2847 | 2848 | 2849 | 2850 | 2851 | 2852 | 2853 | 2854 | 2855 | 2856 | 2857 | 2858 | 2859 | 2860 | 2861 | 2862 | 2863 | 2864 | 2865 | 2866 | 2867 | 2868 | 2869 | 2870 | 2871 | 2872 | 2873 | 2874 | 2875 | 2876 | 2877 | 2878 | 2879 | 2880 | 2881 | 2882 | 2883 | 2884 | 2885 | 2886 | 2887 | 2888 | 2889 | 2890 | 2891 | 2892 | 2893 | 2894 | 2895 | 2896 | 2897 | 2898 | 2899 | 2900 | 2901 | 2902 | 2903 | 2904 | 2905 | 2906 | 2907 | 2908 | 2909 | 2910 | 2911 | 2912 | 2913 | 2914 | 2915 | 2916 | 2917 | 2918 | 2919 | 2920 | 2921 | 2922 | 2923 | 2924 | 2925 | 2926 | 2927 | 2928 | 2929 | 2930 | 2931 | 2932 | 2933 | 2934 | 2935 | 2936 | 2937 | 2938 | 2939 | 2940 | 2941 | 2942 | 2943 | 2944 | 2945 | 2946 | 2947 | 2948 | 2949 | 2950 | 2951 | 2952 | 2953 | 2954 | 2955 | 2956 | 2957 | 2958 | 2959 | 2960 | 2961 | 2962 | 2963 | 2964 | 2965 | 2966 | 2967 | 2968 | 2969 | 2970 | 2971 | 2972 | 2973 | 2974 | 2975 | 2976 | 2977 | 2978 | 2979 | 2980 | 2981 | 2982 | 2983 | 2984 | 2985 | 2986 | 2987 | 2988 | 2989 | 2990 | 2991 | 2992 | 2993 | 2994 | 2995 | 2996 | 2997 | 2998 | 2999 | 3000 | 3001 | 3002 | 3003 | 3004 | 3005 | 3006 | 3007 | 3008 | 3009 | 3010 | 3011 | 3012 | 3013 | 3014 | 3015 | 3016 | 3017 | 3018 | 3019 | 3020 | 3021 | 3022 | 3023 | 3024 | 3025 | 3026 | 3027 | 3028 | 3029 | 3030 | 3031 | 3032 | 3033 | 3034 | 3035 | 3036 | 3037 | 3038 | 3039 | 3040 | 3041 | 3042 | 3043 | 3044 | 3045 | 3046 | 3047 | 3048 | 3049 | 3050 | 3051 | 3052 | 3053 | 3054 | 3055 | 3056 | 3057 | 3058 | 3059 | 3060 | 3061 | 3062 | 3063 | 3064 | 3065 | 3066 | 3067 | 3068 | 3069 | 3070 | 3071 | 3072 | 3073 | 3074 | 3075 | 3076 | 3077 | 3078 | 3079 | 3080 | 3081 | 3082 | 3083 | 3084 | 3085 | 3086 | 3087 | 3088 | 3089 | 3090 | 3091 | 3092 | 3093 | 3094 | 3095 | 3096 | 3097 | 3098 | 3099 | 3100 | 3101 | 3102 | 3103 | 3104 | 3105 | 3106 | 3107 | 3108 | 3109 | 3110 | 3111 | 3112 | 3113 | 3114 | 3115 | 3116 | 3117 | 3118 | 3119 | 3120 | 3121 | 3122 | 3123 | 3124 | 3125 | 3126 | 3127 | 3128 | 3129 | 3130 | 3131 | 3132 | 3133 | 3134 | 3135 | 3136 | 3137 | 3138 | 3139 | 3140 | 3141 | 3142 | 3143 | 3144 | 3145 | 3146 | 3147 | 3148 | 3149 | 3150 | 3151 | 3152 | 3153 | 3154 | 3155 | 3156 | 3157 | 3158 | 3159 | 3160 | 3161 | 3162 | 3163 | 3164 | 3165 | 3166 | 3167 | 3168 | 3169 | 3170 | 3171 | 3172 | 3173 | 3174 | 3175 | 3176 | 3177 | 3178 | 3179 | 3180 | 3181 | 3182 | 3183 | 3184 | 3185 | 3186 | 3187 | 3188 | 3189 | 3190 | 3191 | 3192 | 3193 | 3194 | 3195 | 3196 | 3197 | 3198 | 3199 | 3200 | 3201 | 3202 | 3203 | 3204 | 3205 | 3206 | 3207 | 3208 | 3209 | 3210 | 3211 | 3212 | 3213 | 3214 | 3215 | 3216 | 3217 | 3218 | 3219 | 3220 | 3221 | 3222 | 3223 | 3224 | 3225 | 3226 | 3227 | 3228 | 3229 | 3230 | 3231 | 3232 | 3233 | 3234 | 3235 | 3236 | 3237 | 3238 | 3239 | 3240 | 3241 | 3242 | 3243 | 3244 | 3245 | 3246 | 3247 | 3248 | 3249 | 3250 | 3251 | 3252 | 3253 | 3254 | 3255 | 3256 | 3257 | 3258 | 3259 | 3260 | 3261 | 3262 | 3263 | 3264 | 3265 | 3266 | 3267 | 3268 | 3269 | 3270 | 3271 | 3272 | 3273 | 3274 | 3275 | 3276 | 3277 | 3278 | 3279 | 3280 | 3281 | 3282 | 3283 | 3284 | 3285 | 3286 | 3287 | 3288 | 3289 | 3290 | 3291 | 3292 | 3293 | 3294 | 3295 | 3296 | 3297 | 3298 | 3299 | 3300 | 3301 | 3302 | 3303 | 3304 | 3305 | 3306 | 3307 | 3308 | 3309 | 3310 | 3311 | 3312 | 3313 | 3314 | 3315 | 3316 | 3317 | 3318 | 3319 | 3320 | 3321 | 3322 | 3323 | 3324 | 3325 | 3326 | 3327 | 3328 | 3329 | 3330 | 3331 | 3332 | 3333 | 3334 | 3335 | 3336 | 3337 | 3338 | 3339 | 3340 | 3341 | 3342 | 3343 | 3344 | 3345 | 3346 | 3347 | 3348 | 3349 | 3350 | 3351 | 3352 | 3353 | 3354 | 3355 |  |
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Compiled with the assistance of Laura Sg

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to salesmen. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**HISTORIC PRICING:** The letter F denotes that the managers will normally deal on the price set on the most recent valuation. The price shown on the latest available balance sheet may not reflect the current trading levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the bid and the ask prices is determined by a formula laid down by the regulator. In practice, most credit trustees negotiate a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually to discourage investors that there is a large excess of sell orders in the market.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation of units on another day, indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (Y) - 0001 to 1100 hours; (H) - 1101 to 1400 hours; (E) - 1401 to 1700 hours; (N) - 1701 to midnight. Daily dealing prices are set on the basis of the values printed a short period after close may elapse before prices become available.

|                                    |             |   |       |       |    |
|------------------------------------|-------------|---|-------|-------|----|
| Prudential Unit Trusts Ltd (1207)F | Equity Acc. | 0 | 484.7 | 489.0 | 57 |
|------------------------------------|-------------|---|-------|-------|----|

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|                      |   |                |       |       |       |
|----------------------|---|----------------|-------|-------|-------|
| Procter & Gamble     | £ | 19,727,130,570 | 70.81 | 66.02 | 60.07 |
| Prudential Assurance | £ | 18,210,000,000 | 69.16 | 65.00 | 60.00 |
| Prudential Ins & Am  | £ | 17,922,338,527 | 68.47 | 64.50 | 59.50 |
| Prudential UK Group  | £ | 17,222,144,647 | 67.01 | 63.00 | 58.00 |
| Prudential UK Group  | £ | 16,722,74,444  | 66.36 | 62.00 | 57.00 |
| Prudential UK Group  | £ | 16,222,74,444  | 65.65 | 61.00 | 56.00 |
| Prudential UK Group  | £ | 15,722,74,444  | 64.94 | 60.00 | 55.00 |
| Prudential UK Group  | £ | 15,222,74,444  | 64.23 | 59.00 | 54.00 |
| Prudential UK Group  | £ | 14,722,74,444  | 63.52 | 58.00 | 53.00 |
| Prudential UK Group  | £ | 14,222,74,444  | 62.81 | 57.00 | 52.00 |
| Prudential UK Group  | £ | 13,722,74,444  | 62.10 | 56.00 | 51.00 |
| Prudential UK Group  | £ | 13,222,74,444  | 61.39 | 55.00 | 50.00 |
| Prudential UK Group  | £ | 12,722,74,444  | 60.68 | 54.00 | 49.00 |
| Prudential UK Group  | £ | 12,222,74,444  | 59.97 | 53.00 | 48.00 |
| Prudential UK Group  | £ | 11,722,74,444  | 59.26 | 52.00 | 47.00 |
| Prudential UK Group  | £ | 11,222,74,444  | 58.55 | 51.00 | 46.00 |
| Prudential UK Group  | £ | 10,722,74,444  | 57.84 | 50.00 | 45.00 |
| Prudential UK Group  | £ | 10,222,74,444  | 57.13 | 49.00 | 44.00 |
| Prudential UK Group  | £ | 9,722,74,444   | 56.42 | 48.00 | 43.00 |
| Prudential UK Group  | £ | 9,222,74,444   | 55.71 | 47.00 | 42.00 |
| Prudential UK Group  | £ | 8,722,74,444   | 55.00 | 46.00 | 41.00 |
| Prudential UK Group  | £ | 8,222,74,444   | 54.29 | 45.00 | 40.00 |
| Prudential UK Group  | £ | 7,722,74,444   | 53.58 | 44.00 | 39.00 |
| Prudential UK Group  | £ | 7,222,74,444   | 52.87 | 43.00 | 38.00 |
| Prudential UK Group  | £ | 6,722,74,444   | 52.16 | 42.00 | 37.00 |
| Prudential UK Group  | £ | 6,222,74,444   | 51.45 | 41.00 | 36.00 |
| Prudential UK Group  | £ | 5,722,74,444   | 50.74 | 40.00 | 35.00 |
| Prudential UK Group  | £ | 5,222,74,444   | 50.03 | 39.00 | 34.00 |
| Prudential UK Group  | £ | 4,722,74,444   | 49.32 | 38.00 | 33.00 |
| Prudential UK Group  | £ | 4,222,74,444   | 48.61 | 37.00 | 32.00 |
| Prudential UK Group  | £ | 3,722,74,444   | 47.90 | 36.00 | 31.00 |
| Prudential UK Group  | £ | 3,222,74,444   | 47.19 | 35.00 | 30.00 |
| Prudential UK Group  | £ | 2,722,74,444   | 46.48 | 34.00 | 29.00 |
| Prudential UK Group  | £ | 2,222,74,444   | 45.77 | 33.00 | 28.00 |
| Prudential UK Group  | £ | 1,722,74,444   | 45.06 | 32.00 | 27.00 |
| Prudential UK Group  | £ | 1,222,74,444   | 44.35 | 31.00 | 26.00 |
| Prudential UK Group  | £ | 722,74,444     | 43.64 | 30.00 | 25.00 |
| Prudential UK Group  | £ | 222,74,444     | 42.93 | 29.00 | 24.00 |
| Prudential UK Group  | £ | 72,74,444      | 42.22 | 28.00 | 23.00 |
| Prudential UK Group  | £ | 22,74,444      | 41.51 | 27.00 | 22.00 |
| Prudential UK Group  | £ | 7,74,444       | 40.80 | 26.00 | 21.00 |
| Prudential UK Group  | £ | 2,74,444       | 40.09 | 25.00 | 20.00 |
| Prudential UK Group  | £ | 74,444         | 39.38 | 24.00 | 19.00 |
| Prudential UK Group  | £ | 24,444         | 38.67 | 23.00 | 18.00 |
| Prudential UK Group  | £ | 7,444          | 37.96 | 22.00 | 17.00 |
| Prudential UK Group  | £ | 2,444          | 37.25 | 21.00 | 16.00 |
| Prudential UK Group  | £ | 744            | 36.54 | 20.00 | 15.00 |
| Prudential UK Group  | £ | 244            | 35.83 | 19.00 | 14.00 |
| Prudential UK Group  | £ | 74             | 35.12 | 18.00 | 13.00 |
| Prudential UK Group  | £ | 24             | 34.41 | 17.00 | 12.00 |
| Prudential UK Group  | £ | 7              | 33.70 | 16.00 | 11.00 |
| Prudential UK Group  | £ | 0              | 33.00 | 15.00 | 10.00 |
| Prudential UK Group  | £ | 0              | 32.29 | 14.00 | 9.00  |
| Prudential UK Group  | £ | 0              | 31.58 | 13.00 | 8.00  |
| Prudential UK Group  | £ | 0              | 30.87 | 12.00 | 7.00  |
| Prudential UK Group  | £ | 0              |       |       |       |

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|      |      |
|------|------|
| 1.13 | 1.13 |
| 1.14 | 1.14 |
| 1.15 | 1.15 |
| 1.16 | 1.16 |
| 1.17 | 1.17 |
| 1.18 | 1.18 |
| 1.19 | 1.19 |
| 1.20 | 1.20 |
| 1.21 | 1.21 |
| 1.22 | 1.22 |
| 1.23 | 1.23 |
| 1.24 | 1.24 |
| 1.25 | 1.25 |
| 1.26 | 1.26 |
| 1.27 | 1.27 |
| 1.28 | 1.28 |
| 1.29 | 1.29 |
| 1.30 | 1.30 |
| 1.31 | 1.31 |
| 1.32 | 1.32 |
| 1.33 | 1.33 |
| 1.34 | 1.34 |
| 1.35 | 1.35 |
| 1.36 | 1.36 |
| 1.37 | 1.37 |
| 1.38 | 1.38 |
| 1.39 | 1.39 |
| 1.40 | 1.40 |
| 1.41 | 1.41 |
| 1.42 | 1.42 |
| 1.43 | 1.43 |
| 1.44 | 1.44 |
| 1.45 | 1.45 |
| 1.46 | 1.46 |
| 1.47 | 1.47 |
| 1.48 | 1.48 |
| 1.49 | 1.49 |
| 1.50 | 1.50 |
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| 1.66 | 1.66 |
| 1.67 | 1.67 |
| 1.68 | 1.68 |
| 1.69 | 1.69 |
| 1.70 | 1.70 |
| 1.71 | 1.71 |
| 1.72 | 1.72 |
| 1.73 | 1.73 |
| 1.74 | 1.74 |
| 1.75 | 1.75 |
| 1.76 | 1.76 |
| 1.77 | 1.77 |
| 1.78 | 1.78 |
| 1.79 | 1.79 |
| 1.80 | 1.80 |
| 1.81 | 1.81 |
| 1.82 | 1.82 |
| 1.83 | 1.83 |
| 1.84 | 1.84 |
| 1.85 | 1.85 |
| 1.86 | 1.86 |
| 1.87 | 1.87 |
| 1.88 | 1.88 |
| 1.89 | 1.89 |
| 1.90 | 1.90 |
| 1.91 | 1.91 |
| 1.92 | 1.92 |
| 1.93 | 1.93 |
| 1.94 | 1.94 |
| 1.95 | 1.95 |
| 1.96 | 1.96 |
| 1.97 | 1.97 |
| 1.98 | 1.98 |
| 1.99 | 1.99 |
| 2.00 | 2.00 |

2.18  
2.10  
15.22

7 20000  
10 14.47

7 20000  
70 14.45  
10 14.45

|     |       |
|-----|-------|
| 31  | 1.83  |
| 32  | 2.86  |
| 33  | 3.90  |
| 34  | 4.93  |
| 35  | 5.96  |
| 36  | 6.99  |
| 37  | 8.02  |
| 38  | 9.05  |
| 39  | 10.08 |
| 40  | 11.11 |
| 41  | 12.14 |
| 42  | 13.17 |
| 43  | 14.20 |
| 44  | 15.23 |
| 45  | 16.26 |
| 46  | 17.29 |
| 47  | 18.32 |
| 48  | 19.35 |
| 49  | 20.38 |
| 50  | 21.41 |
| 51  | 22.44 |
| 52  | 23.47 |
| 53  | 24.50 |
| 54  | 25.53 |
| 55  | 26.56 |
| 56  | 27.59 |
| 57  | 28.62 |
| 58  | 29.65 |
| 59  | 30.68 |
| 60  | 31.71 |
| 61  | 32.74 |
| 62  | 33.77 |
| 63  | 34.80 |
| 64  | 35.83 |
| 65  | 36.86 |
| 66  | 37.89 |
| 67  | 38.92 |
| 68  | 39.95 |
| 69  | 40.98 |
| 70  | 42.01 |
| 71  | 43.04 |
| 72  | 44.07 |
| 73  | 45.10 |
| 74  | 46.13 |
| 75  | 47.16 |
| 76  | 48.19 |
| 77  | 49.22 |
| 78  | 50.25 |
| 79  | 51.28 |
| 80  | 52.31 |
| 81  | 53.34 |
| 82  | 54.37 |
| 83  | 55.40 |
| 84  | 56.43 |
| 85  | 57.46 |
| 86  | 58.49 |
| 87  | 59.52 |
| 88  | 60.55 |
| 89  | 61.58 |
| 90  | 62.61 |
| 91  | 63.64 |
| 92  | 64.67 |
| 93  | 65.70 |
| 94  | 66.73 |
| 95  | 67.76 |
| 96  | 68.79 |
| 97  | 69.82 |
| 98  | 70.85 |
| 99  | 71.88 |
| 100 | 72.91 |

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## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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NYSE COMPOSITE PRICES

| Stock            | P      | High   | Low    | Close  | Change |
|------------------|--------|--------|--------|--------|--------|
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |

NASDAQ NATIONAL MARKET

| Stock            | P      | High   | Low    | Close  | Change |
|------------------|--------|--------|--------|--------|--------|
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |

AMEX COMPOSITE PRICES

| Stock            | P      | High   | Low    | Close  | Change |
|------------------|--------|--------|--------|--------|--------|
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |

| Stock            | P      | High   | Low    | Close  | Change |
|------------------|--------|--------|--------|--------|--------|
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |

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| Stock            | P      | High   | Low    | Close  | Change |
|------------------|--------|--------|--------|--------|--------|
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% S&P 500  | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |
| 20 1/2% Treasury | 126.74 | 126.74 | 126.74 | 126.74 | 0.00   |

